

UNAUDITED ANNUAL FINANCIAL STATEMENTS

for

MBOMBELA LOCAL MUNICIPALITY

for the year ended:

2012

Province:

Mpumalanga

AFS rounding:

R (i.e. only cents)

Contact Information:

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MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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MBOMBELA LOCAL MUNICIPALITY

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 201:

General information

Members of the Mayoral Committee & their Portfolios

Cllr LC Dlamini	Executive Mayor
Cllr J Sidell	Speaker
Cllr TM Manana	Chief Whip
Cllr ZM Boroko	Member of Mayoral Committee-City Planning and Development Services
Cllr MS Magagula	Member of Mayoral Committee-Financial Services
Cllr C Maseko	Member of Mayoral Committee- Rural Development, Human Settlements Reform & Traditional Affairs
Cllr PA Mathe	Member of Mayoral Committee-Community Services
Cllr SP Mathonsi	Member of Mayoral Committee-Corporate Services Services & Co-operatives
Cllr JM Mazibane	Member of Mayoral Committee-Social Services & Community Development
Cllr BN Mdluli	Member of Mayoral Committee-Vulnerable Groups, Transversal & Special
Cllr FP Nkala	Member of Mayoral Committee-Public Safety, Public Transport, Health & Education
Cllr BA Zulu	Member of Mayoral Committee-Economic Planning, Development and Environment

Councillor	Ward	Councillor	Ward
Cllr S A Mpangane	1	Cllr VL Nzimande	21
Cllr MJ Msibi	2	Cllr ET Mkhabela	22
Cllr MZ Mlumane	3	Cllr MJ Mhaule	23
Cllr KE Maziya	4	Cllr TL Dlodlu	24
Cllr TD Tsela	5	Cllr MC Mhlanga	25
Cllr JM Mazibane	6	Cllr TM Bulunga	26
Cllr L Maseko	7	Cllr MS Mashele	27
Cllr JA Mkhonto	8	Cllr TZ Mhlongo	28
Cllr BA Nyundu	9	Cllr KR Mabuza	29
Cllr MS Mdluli	10	Cllr CJ Marais Pienaar	30
Cllr EM Mutobvu	11	Cllr CN Mnyambo	31
Cllr MC Mafotha	12	Cllr ST Nobela	32
Cllr A Kumba	13	Cllr NS Nyalunga	33
Cllr KM Mkhonto	14	Cllr TN Sifunda	34
Cllr F Lange	15	Cllr PM Nyalunga	35
Cllr CH De kok	16	Cllr JJ Khoza	36
Cllr GC De-Bruin	17	Cllr FJ Zulu	37
Cllr JB Mashaba	18	Cllr OM Thobela Ngwenyama	38
Cllr NW Motubatse	19	Cllr DT Nkosi	39
Cllr TC Simelane	20		

Audit and Performance Audit Committee

A C Keyser (Mr)	Chairperson
E Cousins (Mr)	Member
CA Nkuna (Mrs)	Member
RTO Dipone (Mr)	Member

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 201:

General information

Municipal Manager

Mr X.C Mzobe

Chief Financial Officer

Mrs N.T Mthembu

Grading of Local Authority

Grade 4

Auditors

Auditor-General South Africa - Mpumalanga

10 Nel Street	P O Box 2684
Nelspruit	Nelspruit
1200	1200

Bankers

ABSA Bank Nelspruit

2nd Floor: Absa Square	P O Box 1951
20 Paul Kruger Street	Nelspruit
Nelspruit	1200
1201	

nt, Agriculture, Land

ve Support

nt

Projects

Emergency Services

vironmental Affairs

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

General information (continued)

Registered Office:

Nelspruit Civic Centre

Physical address:

Civic Centre
1 Nel street
Nelspruit
South Africa

Postal address:

P O Box 45
Nelspruit
1200

Telephone number:

(013) 759 9111

Fax number:

(013) 759 2002

Website address:

www.mbombela.gov.za

Libraries

Hazyview

(013) 737 7220

Kabokweni

(013) 796 1082

Matsulu

(013) 778 9864

Nelspruit

(013) 759 2077

Nelsville

(013) 755 4788

Victory Park

(013) 759 2089

White River

(013) 750 9125

Enquiries

Building Plans

(013) 759 2184

Electricity

(013) 759 2231

Water & Sewerage

(013) 752 2580

Consumers

(013) 759 2025 / 2064

Paypoints

White River

(013) 751 1176

KaNyamazane

(013) 794 1254

Matsulu

(013) 778 9061

Kabokweni

(013) 796 0227

Hazyview

(013) 737 7346

Nelspruit Civic Centre

(013) 759 2025 / 2064

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 50, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2012.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act.

Mr X.C Mzobe
Municipal Manager

Mrs N.T Mthembu
Chief Financial Officer

DATE:

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 R	2011 R
ASSETS			
Current assets		141 557 568	147 129 537
Inventories	2	14 880 375	13 991 802
Current portion of receivables	11	64 787	253 847
Trade and other receivables from exchange transactions	3	79 700 885	72 164 674
Other receivables from non-exchange transactions	4	10 071 171	15 057 577
VAT receivable	5	1 048 342	29 888 514
Cash and cash equivalents	6	35 792 008	15 773 123
Non-current assets		6 018 364 891	5 515 933 545
Property, plant and equipment	7	5 656 018 942	5 132 340 569
Intangible assets	8	7 335 534	7 603 396
Investment property carried at cost	9	340 744 390	352 912 930
Non current receivables	11	632 677	479 854
Investments	12	13 633 348	22 596 796
Total assets		6 159 922 459	5 663 063 082
LIABILITIES			
Current liabilities		580 191 449	499 117 240
Current portion of borrowings	13	14 285 646	13 261 347
Consumer deposits	15	1 835 118	1 834 053
Other current financial liabilities	16	67 675 920	72 455 386
Current portion of unspent conditional grants and receipts	18	158 782 701	128 929 303
Current portion of finance lease liability	14	71 588	159 100
Trade and other payables from exchange transactions	19	334 810 476	280 014 051
Defined benefit plan liability	21	2 730 000	2 464 000
Bank overdraft	6	-	-
Non-current liabilities		394 522 092	329 814 894
Non-current borrowings	13	203 990 549	175 572 238
Consumer deposits	15	8 327 435	7 853 555
Non-current provisions	17	28 045 628	15 022 308
Deferred revenue	20	5 415 727	6 187 223
Defined benefit plan liability	21	148 742 753	125 107 000
Non-current finance lease liability	14	-	72 570
Total liabilities		974 713 541	828 932 134
Net assets		5 185 208 919	4 834 130 948
NET ASSETS			
Accumulated surplus		4 648 763 810	4 902 404 985
Total net assets		4 648 763 810	4 902 404 985

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2012

	Note	2012 R	2011 R
Revenue			
Property rates	22	245 816 025	197 864 957
Service charges	23	588 159 210	485 007 966
Finance Income	24	28 019 548	26 353 575
Government grants and subsidies-operating	25	375 143 419	320 683 252
Government grants and subsidies- capital	25	89 510 790	122 032 987
Rental of facilities and equipment	26	16 430 504	26 496 324
Licences and permits		6 748	6 231
Agency fees	27	22 676 006	20 663 295
Fines		2 981 879	3 078 876
Other Revenue	28	39 148 540	42 223 039
Total revenue		1 407 892 669	1 244 410 501
Expenses			
Employee related costs	29	392 384 831	368 951 755
Remuneration of councillors	30	19 301 835	16 952 099
Depreciation and amortisation	31	289 697 748	283 437 194
Bad debts		55 363 845	8 992 990
Finance costs	32	43 189 696	35 869 145
Collection costs		3 913 075	1 524 727
Bulk purchases	33	372 531 160	299 562 966
Contracted services	34	159 993 644	173 853 632
Grants and subsidies paid	35	271 360	271 360
General expenses	36	193 508 765	151 378 952
Repairs and maintenance	37	128 880 584	120 124 182
Total expenses		1 659 036 544	1 460 919 003
Profit / (Loss) on sale of assets	38	(2 497 300)	5 125 757
Surplus (Deficit) for the period		(253 641 175)	(211 382 744)

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Note	Accumulated Surplus	Total: Net Assets
		R	R
Balance 30 June 2010		5 147 643 700	5 147 643 700
Correction of prior period error	41	(32 167 874)	(32 167 874)
Restated Balance 30 June 2010		5 115 475 826	5 115 475 826
Deficit for the period		(211 382 744)	(211 382 744)
Prior year error adjustments	41	(1 688 097)	(1 688 097)
Balance at 30 June 2011		4 902 404 985	4 902 404 985
Deficit for the period		(253 641 175)	(253 641 175)
Balance at 30 June 2012		4 648 763 810	4 648 763 810

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

CASH FLOW STATEMENT AS AT 30 JUNE 2012			
	Note	2012	2011
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1 496 516 229	1 382 398 623
Cash paid to suppliers and employees		(1 299 930 978)	(1 125 087 285)
Cash generated from operations	39	196 585 251	257 311 338
Finance Income		28 019 548	26 353 575
Finance costs		(43 189 696)	(35 869 145)
Net cash flows from operating activities		181 415 103	247 795 768
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (Property, Plant and Equipment)		(205 198 520)	(303 753 866)
Purchase of Intangible assets		(222 296)	(4 979 959)
Proceeds from disposal of Property, Plant and Equipment and other assets		6 702 942	6 121 347
Proceeds from sale of investments		8 963 448	(10 854 952)
Decrease/ (Increase) in loans and receivables		(152 823)	579 825
Net cash flows from investing activities		(189 907 249)	(312 887 605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		29 442 610	131 783 574
Deferred revenue		(771 496)	5 418 084
Repayment of finance lease liability		(160 082)	(156 132)
Net cash flows from financing activities		28 511 032	137 045 526
Net increase / (decrease) in net cash and cash equivalents		20 018 886	71 953 689
Net cash and cash equivalents at beginning of period		15 773 122	(56 180 567)
Net cash and cash equivalents at end of period	40	35 792 008	15 773 122

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.to Council approved virement policy)	Final Budget	Actual	Variance	% Variance	Actual Outcome as a % of original budget
Financial Performance								
Property Rates	239 444 704	246 744 704	-	246 744 704	245 816 025	(928 679)	-0.38%	3%
Service Charges	614 560 500	579 338 216	-	579 338 216	588 159 210	8 820 994	1.52%	-4%
Investment Revenue	22 639 939	19 538 939	-	19 538 939	28 019 548	8 480 609	43.40%	24%
Transfers Recognised - Operational	298 622 000	298 996 936	-	298 996 936	375 143 419	76 146 483	25.47%	26%
Other Own Revenue	145 164 231	130 850 592	-	130 850 592	81 243 677	(49 606 915)	-37.91%	-44%
Total Revenue (Excluding Capital Transfers & Contributions)	1 320 431 374	1 275 469 387	-	1 275 469 387	1 318 381 880	42 912 493	3.36%	0%
Employee Costs	385 973 583	386 417 910	152 139	386 570 049	392 384 831	5 814 782	1.50%	2%
Remuneration Of Councillors	18 672 530	18 972 530	-	18 972 530	19 301 835	329 305	1.74%	3%
Debt Impairment	68 318 016	84 181 483	(27 415 005)	56 766 478	55 363 845	(1 402 633)	-2.47%	-19%
Depreciation & Asset Impairment	352 484 388	285 484 388	(62 000 000)	223 484 388	289 697 748	66 213 360	29.63%	-18%
Finance Charges	41 467 125	37 429 126	(2 471 952)	34 957 174	43 189 696	8 232 522	23.55%	4%
Materials & Bulk Purchases	357 758 169	366 380 140	55 435 807	421 815 947	411 498 165	(10 317 782)	-2.45%	15%
Other Expenditures	363 125 315	373 740 661	114 903 786	488 644 447	450 097 723	(38 546 724)	-7.89%	24%
Total Expenditure	1 587 799 127	1 552 606 239	78 604 775	1 631 211 014	1 661 533 844	30 322 830	1.86%	5%
Surplus/(Deficit)	(267 367 753)	(277 136 852)	(78 604 775)	(355 741 627)	(343 151 965)	12 589 662	-3.54%	28%
Transfers Recognised - Capital	286 856 296	324 262 100	-	324 262 100	89 510 790	(234 751 310)	-72.40%	-69%
Surplus/(Deficit) After Capital Transfers & Contributions	19 488 543	47 125 248	(78 604 775)	(31 479 527)	(253 641 175)	(222 161 648)	705.73%	-1401%
Surplus/(Deficit For The Year	19 488 543	47 125 248	(78 604 775)	(31 479 527)	(253 641 175)	(222 161 648)	705.73%	-1401%
Capital Expenditure & Funds Sources								
Capital Expenditure								
Transfers Recognised - Capital	347 615 997	324 262 101	(61 299 779)	262 962 322	94 692 038	(168 270 284)	-63.99%	-73%
Public Contributions & Donations	6 300 000	6 300 000	-	6 300 000	2 885 870	(3 414 130)	-54.19%	-54%
Borrowing	70 522 048	43 690 278	-	43 690 278	33 834 496	(9 855 782)	-22.56%	-52%
Internally Generated Funds	212 726 442	161 343 474	(17 104 996)	144 238 478	69 759 110	(74 479 368)	-51.64%	-67%
Total Sources Of Capital Funds	637 164 487	535 595 853	(78 404 775)	457 191 078	201 171 514	(256 019 564)	-56.00%	-68%
Financial Position								
Total current assets	197 336 974	137 965 518	-	137 965 518	141 557 568	3 592 050	2.60%	-28%
Total non current assets	5 699 007 017	5 836 159 237	-	5 836 159 237	6 018 364 891	182 205 654	3.12%	6%
Total Assets	5 896 343 991	5 974 124 755	-	5 974 124 755	6 159 922 459	185 797 705		4%
Total current liabilities	335 803 242	186 381 363	-	186 381 363	580 191 449	393 810 086	211.29%	73%
Total non current liabilities	180 227 002	180 227 002	-	180 227 002	394 522 092	214 295 090	118.90%	119%
Total Liabilities	516 030 244	366 608 365	-	366 608 365	974 713 541	608 105 176	165.87%	89%
Net Assets	5 380 313 747	5 607 516 390	-	5 607 516 390	5 185 208 919	(422 307 471)	-7.53%	-4%
Total Net Assets	5 380 313 747	5 607 516 390	-	5 607 516 390	4 648 763 810	(958 752 580)	-17.10%	-14%
Cash flows								
Net Cash From (Used) Operating	458 571 426	540 198 153	-	540 198 153	181 415 103	(358 783 050)	-66.42%	-60%
Net Cash From (Used) Investing	(495 465 000)	(508 816 061)	-	(508 816 061)	(189 907 249)	318 908 811	-62.68%	-62%
Net Cash From (Used) Financing	28 400 000	-4 738 090	-	(4 738 090)	28 511 032	33 249 122	-701.74%	0%
Cash/Cash Equivalents At The Beginning of the Year	94 418 687	15 773 122	-	15 773 122	15 773 122	-	0.00%	-83%
Cash/Cash Equivalents At The Year End	85 925 113	42 417 124	-	42 417 124	35 792 008	(6 625 116)	-15.62%	-58%

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 ACCOUNTING POLICIES

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been approved but for which effective dates have been determined and have not been early adopted however accounting policies have been developed by the Municipality:

STANDARD ISSUED, EFFECTIVE DATE DETERMINED AND AN ACCOUNTING POLICY DEVELOPED
GRAP 23 Revenue from Non-Exchange Transactions
GRAP 24 Presentation of Budget Information in Financial Statements
GRAP 21 Impairment of non-cash-generating assets
GRAP 26 Impairment of cash generating assets
GRAP 103 Heritage Assets

1.5 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (cont.)

The following GRAP standards have been approved but for which effective dates have not been determined and have not been early adopted by the Municipality:

STANDARD ISSUED, EFFECTIVE DATE NOT DETERMINED	STANDARD APPLIED
GRAP 25 Employee Benefits	IAS 19
GRAP 104 Financial Instruments	IAS 39
GRAP 105 Transfers of Function between Entities under Common Control	Not applicable
GRAP 106 Transfers of Function between Entities under Not Common Control	Not applicable
GRAP 107 Mergers	Not applicable

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6 PROPERTY, PLANT AND EQUIPMENT (cont.)

1.6.3 DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Useful Lives
Roads and Paving	3-80
Pedestrian Malls	15-30
Electricity	3-50
Water	5-55
Sewerage	10-55
Community	
Buildings	25-30
Recreational Facilities	25-30
Security	10-25
Halls	25-30
Libraries	25-30
Other assets	
Finance lease assets	
Office equipment	3-15
Other assets	2-10
Other	
Buildings	25-30
Specialised vehicles	5-10
Other vehicles	4-7
Office equipment	3-15
Furniture and fittings	5-7
Watercraft	4-7
Bins and containers	5-10
Specialised plant and equipment	2-20
Other items of plant and equipment	2-10
Landfill sites	10-55
Emergency equipment	5-10
Computer equipment	3-5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

1.6.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 INTANGIBLE ASSETS

1.7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

1.7 INTANGIBLE ASSETS (cont.)

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

The expenditure attributable to the intangible asset during its development can be reliably measured by the Municipality.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.7.2 SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

1.7.3 AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	2-5
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Each item of intangible asset is amortised separately.

Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

1.7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 BIOLOGICAL ASSETS

1.8.1 INITIAL RECOGNITION

Biological assets include fruit plantations and are initially recognised at fair value less costs to sell. Where fair value is indeterminable, biological assets are initially valued at cost.

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

Biological assets are valued at fair value at each reporting date. Where fair value is indeterminable, biological assets are depreciated over their estimated useful lives, which are estimated as follows: -
- Plantations: 30 years

1.9 INVESTMENT PROPERTY

1.9.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held (by the owner or lessee under a finance lease) to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.9.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment properties (excluding land) - 15 to 30 years

1.10 HERITAGE ASSETS

A heritage asset is defined as an asset that is held and preserved for cultural, environmental, historical, natural, scientific, technological and artistic significance for the benefit of present and future generations.

1.10.1 INITIAL RECOGNITION

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.10.2 SUBSEQUENT MEASUREMENT - COST MODEL

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

1.11 NON-CURRENT ASSETS HELD FOR SALE

1.11.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.11 NON-CURRENT ASSETS HELD FOR SALE (cont.)

1.11.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.12 INVENTORIES

1.12.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.12.2. SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The Municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

1.13 FINANCIAL INSTRUMENTS (cont.)

1.13.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.

- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.13.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.13 FINANCIAL INSTRUMENTS (cont.)

1.13.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.13.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.13.3 IMPAIRMENT

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.15 LEASES

1.15.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

1.15.2 MUNICIPALITY AS LESSOR

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.16 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.16.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

1.16 REVENUE (cont.)

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Sale of goods

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of even is recognised when all conditions associated with the deed of sale have been met.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions between one or more parties where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income . The rebates granted are deducted from revenue.

Property rates revenue is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

1.16 REVENUE (cont.)

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised.

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.16.3 GOVERNMENT GRANTS, TRANSFERS AND DONATIONS

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.18 EMPLOYEE BENEFITS

1.18.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.18.2 Termination Benefits

Termination benefits are recognised when actions have been taken to indicate that the Municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.18.3 Retirement benefits

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

Post employment medical care benefits

The Municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

1.19 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

1.19 CONSTRUCTION CONTRACTS AND RECEIVABLES (cont.)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.20 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 VALUE ADDED TAX (VAT)

The Municipality accounts for Value Added Tax on the payments basis

1.24 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1.25 IMPAIRMENT OF CASH- GENERATING AND NON-CASH GENERATING ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets and assets held primarily for service delivery purposes as non- cash generating assets.

Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount or recoverable service amount.

1.25 IMPAIRMENT OF CASH- GENERATING AND NON-CASH GENERATING ASSETS (cont.)

The municipality assesses at each reporting date whether there is any indication that cash and non-cash generating assets may be impaired. If any such indication exists, the recoverable amount or recoverable service amount of the asset is determined in order to establish the extent of impairment loss (if any).

Intangible assets with an indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing its carrying amount with its recoverable amount or recoverable service amount. This impairment test is performed annually at the same time every period and when there is an indication for impairment.

Where it is not possible to estimate the recoverable amount of an individual cash generating asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. Cash generating units shall be identified consistently from period to period for the same asset or types of assets, unless the change is justified.

The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The recoverable service amount of a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the remaining service potential of the asset and is determined using the most appropriate approach of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used is a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows has not been adjusted.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit to the Statement of Financial Performance. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in surplus or deficit to the Statement of Financial Performance. Any impairment loss reversal of a revalued asset is treated as a revaluation increase.

1.26 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
- Present value of defined benefit obligation
- Fair value of plan assets
- Provision for doubtful debts
- Impairment of assets
- Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of assets
- Provisions

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
2 INVENTORIES		
Opening balance of inventories:	13 991 802	14 564 715
Consumable stores - at cost	1 424 550	1 588 961
Maintenance materials - at cost	3 858 960	5 113 372
Spare parts - cost	8 437 871	7 759 225
Medicines- at current replacement cost	193 185	66 060
Water - cost	77 236	37 097
Additions:	77 367 763	49 090 150
Consumable stores	4 589 055	4 027 803
Maintenance materials	16 913 106	11 998 713
Spare parts	12 886 264	6 896 876
Medicines	2 572 286	2 276 294
Water	40 407 052	23 890 464
Issued (expensed):	76 479 190	49 663 063
Consumable stores	4 363 079	4 192 214
Maintenance materials	15 614 418	13 253 125
Spare parts	13 577 431	6 218 230
Medicines	2 532 292	2 149 169
Water	40 391 970	23 850 325
Closing balance of inventories:	14 880 375	13 991 802
Consumable stores - at cost	1 650 526	1 424 550
Maintenance materials - at cost	5 157 648	3 858 960
Spare parts - cost	7 746 704	8 437 871
Medicines- at current replacement cost	233 179	193 185
Water - cost	92 318	77 236

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Trade Receivables as at 30 June 2012			
Rates	113 805 818	99 376 606	14 429 212
Electricity	52 285 200	11 964 943	40 320 257
Water	22 457 170	17 809 666	4 647 504
Sewerage	10 643 773	8 210 528	2 433 245
Refuse	78 030 974	65 546 936	12 484 038
Interest on arrears	84 572 912	83 672 384	900 528
Total trade receivables	361 795 847	286 581 063	75 214 784
Other	33 190 452	28 704 351	4 486 101
Total Trade and other receivables	394 986 299	315 285 414	79 700 885
Trade Receivables as at 30 June 2011			
Rates	97 553 837	83 295 376	14 258 461
Electricity	47 116 607	13 666 467	33 450 140
Water	20 080 001	15 746 847	4 333 154
Sewerage	10 014 785	7 704 005	2 310 780
Refuse	68 201 410	57 214 837	10 986 573
Interest	79 987 967	79 157 879	830 088
Total trade receivables	322 954 607	256 785 411	66 169 196
Other consumer related receivable	35 486 178	29 490 700	5 995 478
Total Trade and other receivables	358 440 785	286 276 111	72 164 674

	2012	2011
	R	R
Total: Ageing		
Current (0 – 30 days)	60 097 712	53 406 935
31 - 60 Days	13 755 033	12 114 637
61 - 90 Days	11 157 699	9 830 529
91 - 120 Days	9 478 576	8 317 805
121 - 365 Days	53 569 717	55 249 949
+365 Days	246 927 562	219 520 931
Total	394 986 299	358 440 785

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		
Rates: Ageing		
Current (0 – 30 days)	13 965 528	13 687 743
31 - 60 Days	4 907 486	4 172 091
61 - 90 Days	4 383 070	3 500 112
91 - 120 Days	3 797 885	3 147 521
121 - 365 Days	22 658 410	21 085 223
+365 Days	64 093 439	51 961 148
Total	113 805 818	97 553 837
Electricity: Ageing		
Current (0 – 30 days)	35 265 820	28 009 268
31 - 60 Days	4 019 475	3 725 307
61 - 90 Days	2 382 245	1 714 456
91 - 120 Days	1 685 260	1 419 558
121 - 365 Days	4 088 244	4 666 139
+365 Days	4 844 156	7 581 879
Total	52 285 200	47 116 607
Water: Ageing		
Current (0 – 30 days)	1 772 597	1 649 472
31 - 60 Days	720 349	599 324
61 - 90 Days	741 549	569 174
91 - 120 Days	722 414	457 567
121 - 365 Days	3 577 348	3 433 844
+365 Days	14 922 913	13 370 620
Total	22 457 170	20 080 001
Sewerage: Ageing		
Current (0 – 30 days)	1 183 505	1 110 052
31 - 60 Days	394 981	308 128
61 - 90 Days	330 214	316 620
91 - 120 Days	207 362	227 221
121 - 365 Days	1 425 411	1 589 210
+365 Days	7 102 300	6 463 554
Total	10 643 773	10 014 785
Refuse: Ageing		
Current (0 – 30 days)	3 671 709	3 254 488
31 - 60 Days	1 634 248	1 541 849
61 - 90 Days	1 436 846	1 524 220
91 - 120 Days	1 331 982	1 266 769
121 - 365 Days	9 614 311	10 041 287
+365 Days	60 341 878	50 572 797
Total	78 030 974	68 201 410
Interest: Ageing		
Current (0 – 30 days)	1 745 930	1 698 689
31 - 60 Days	1 682 901	1 534 521
61 - 90 Days	1 614 206	1 593 446
91 - 120 Days	1 575 952	1 561 469
121 - 365 Days	11 145 002	12 327 635
+365 Days	66 808 921	61 272 207
Total	84 572 912	79 987 967
Other: Ageing		
Current (0 – 30 days)	2 492 623	3 997 223
31 - 60 Days	395 593	233 417
61 - 90 Days	269 569	612 501
91 - 120 Days	157 721	237 700
121 - 365 Days	1 060 991	2 106 611
+365 Days	28 813 955	28 298 726
Total	33 190 452	35 486 178

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	
	R	R	
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)			
<u>Summary of Debtors by Customer Classification</u>	Residential	Industrial / Commercial	Government
	R	R	R
30 June 2012			
Current (0 – 30 days)	32 422 703	25 106 475	2 568 533
31 - 60 Days	9 108 969	3 940 716	705 347
61 - 90 Days	8 100 016	2 486 262	571 422
91 - 120 Days	6 719 273	2 414 171	345 132
121 - 365 Days	42 439 777	10 505 191	624 748
+365 Days	206 460 858	39 303 737	1 162 969
Total debtors by customer classification	305 251 596	83 756 552	5 978 151
	Residential	Industrial / Commercial	Government
30 June 2011			
Current (0 – 30 days)	28 186 411	23 276 657	1 943 865
31 - 60 Days	8 274 115	3 100 077	740 445
61 - 90 Days	6 907 826	2 216 382	706 321
91 - 120 Days	6 196 475	1 756 871	364 459
121 - 365 Days	42 005 240	11 974 111	1 270 601
+365 Days	179 863 560	38 690 171	967 198
Total debtors by customer classification	271 433 627	81 014 269	5 992 889
<u>Reconciliation of the impairment provision</u>			
Balance at beginning of the year		286 276 111	277 895 516
Contributions to provision		55 363 845	8 992 990
Impaired debtors written of against provision		26 354 542	612 395
Balance at end of year		315 285 414	286 276 111
4 OTHER RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS			
Financial		10 071 171	12 767 393
Conditional Grants		2 539 766	10 906 774
Deposits		535 129	180 587
Interest Received		1 390	1 390
Sundry debtors		5 140 397	-
Mbombela Stadium Management		1 151 507	788 208
Suspense Account		702 981	890 434
Non Financial		-	2 290 184
Payments made in advance		-	2 290 184
Total Other receivables from non- exchange transactions		10 071 171	15 057 577
5 VAT RECEIVABLE			
VAT receivable		1 048 342	29 888 514
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
6 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash at bank		35 469 772	15 334 465
Operating account		270 801	390 173
Cash on hand		51 435	48 485
		35 792 008	15 773 123
Shown on the Statement of Financial Position as: -			
Cash and cash equivalents		35 792 008	15 773 122
		35 792 008	15 773 122

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
6 CASH AND CASH EQUIVALENTS (cont.)		
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
Bank: ABSA Nelspruit		
Account Number: 40-5321-5785		
Cash book balance at beginning of year	6 092 417	(82 045 108)
Cash book balance at end of year	30 451 508	6 092 417
Bank statement balance at beginning of year	17 921 207	21 807 841
Bank statement balance at end of year	30 309 220	17 921 207
Spiral Plan		
Bank: ABSA Nelspruit		
Account Number: 90-6703-3766		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	4 385	4 283
Bank statement balance at end of year	4 443	4 385
Saving Account		
Bank: ABSA Nelspruit		
Account Number: 90-6916-6741		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	1 162	1 223
Bank statement balance at end of year	1 086	1 162
Cheque Account (Housing)		
Bank: ABSA Nelspruit		
Account Number: 40-5414-9088		
Cash book balance at beginning of year	396 632	396 322
Cash book balance at end of year	-	396 322
Bank statement balance at beginning of year	396 322	396 322
Bank statement balance at end of year	-	396 322
Cheque Account (Capital)		
Bank: ABSA Nelspruit		
Account Number: 10-7016-6603		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
Call Account (Water Deposits)		
Bank: ABSA Nelspruit		
Account Number: 90-6983-8617		
Cash book balance at beginning of year	556 713	554 864
Cash book balance at end of year	557 271	556 713
Bank statement balance at beginning of year	556 713	556 864
Bank statement balance at end of year	557 271	556 713

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
6 CASH AND CASH EQUIVALENTS (cont.)		
Call Account (Grant Funding)		
Bank: ABSA Nelspruit		
Account Number: 90-6983-9003		
Cash book balance at beginning of year	88 351	88 005
Cash book balance at end of year	88 440	88 351
Bank statement balance at beginning of year	88 351	88 005
Bank statement balance at end of year	88 440	88 351
Call Account (Service Contribution)		
Bank: ABSA Nelspruit		
Account Number: 90-7568-1173		
Cash book balance at beginning of year	7 390 361	10 866 451
Cash book balance at end of year	3 096 923	7 390 361
Bank statement balance at beginning of year	5 141 064	9 558 538
Bank statement balance at end of year	2 200 184	5 141 064
Call Account (Taxi Disaster)		
Bank: ABSA Nelspruit		
Account Number: 91-2727-3547		
Cash book balance at beginning of year	26 848	26 667
Cash book balance at end of year	26 981	26 848
Bank statement balance at beginning of year	26 667	26 667
Bank statement balance at end of year	24 133	26 848
Call Account (2010 Soccer World Cup)		
Bank: ABSA Nelspruit		
Account Number: 40-6718-4081		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
Call Account (2010 Soccer World Cup)		
Bank: ABSA Nelspruit		
Account Number: 40-6774-2380		
Cash book balance at beginning of year	5	2 357
Cash book balance at end of year	-	5
Bank statement balance at beginning of year	-	2 357
Bank statement balance at end of year	-	-
Call Account (Mbombela 2010 Host City)		
Bank: ABSA Nelspruit		
Account Number: 40-7502-7970		
Cash book balance at beginning of year	4 741	1 933 465
Cash book balance at end of year	4 911	4 741
Bank statement balance at beginning of year	4 755	1 933 465
Bank statement balance at end of year	4 911	4 755

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
6 CASH AND CASH EQUIVALENTS (cont.)		
Call Account (Mbombela 2010 Fan Park Operator)		
Bank: ABSA Nelspruit		
Account Number: 40-7611-2661		
Cash book balance at beginning of year	1 019	420 187
Cash book balance at end of year	1 055	1 019
Bank statement balance at beginning of year	1 022	420 187
Bank statement balance at end of year	1 055	1 022
Cheque Account (White River Disaster Fund)		
Bank: ABSA Nelspruit		
Account Number: 40-5141-9472		
Cash book balance at beginning of year	22 816	22 816
Cash book balance at end of year	22 816	22 816
Bank statement balance at beginning of year	25 521	25 114
Bank statement balance at end of year	25 830	25 521
Cheque Account (Mbombela Conditional Grants)		
Bank: ABSA Nelspruit		
Account Number: 40-7804-8048		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	50 038	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
Call Account (Lottery Distribution Trust Fund Mbombela)		
Bank: ABSA Nelspruit		
Account Number: 40-6858-1426		
Cash book balance at beginning of year	1 151 339	1 128 966
Cash book balance at end of year	1 169 830	1 151 339
Bank statement balance at beginning of year	1 151 339	1 128 966
Bank statement balance at end of year	1 169 830	1 151 339
Cheque Account (Stadsraad van NST)		
Bank: ABSA Nelspruit		
Account Number: 10-7000-0209		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
Credit Card		
Bank: ABSA Nelspruit		
Account Number: 4550-1900-2824-5012		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	(30)
Bank statement balance at end of year	-	-

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
6 CASH AND CASH EQUIVALENTS (CONTINUE)		
Fleet Card		
Bank: ABSA Nelspruit		
Account Number: 7082-8310-0011-1728		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	(18 632)
Bank statement balance at end of year	-	-
Call Deposit		
Bank: Nedbank , Domestic Treasury		
Account Number: 03 / 7881030909 / 000003		
Cash book balance at beginning of year	12 402 982	11 741 844
Cash book balance at end of year	13 065 385	12 402 982
Bank statement balance at beginning of year	12 402 982	11 741 844
Bank statement balance at end of year	13 065 385	12 402 982
A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA		
Fixed Deposit		
Bank: ABSA Nelspruit		
Account Number: 20-7075-3384		
Cash book balance at beginning of the year	10 193 814	-
Cash book balance at end of year	567 963	10 193 814
Bank statement balance at beginning of year	10 193 814	-
Bank statement balance at end of year	567 777	10 193 814
A fix deposit amounting to R9 800 000 has been invested with ABSA as security for a loan of R200 000 000 at Development Bank of South Africa (DBSA)		
Cheque Account		
Bank: ABSA, Prime Link Account		
Account Number: 40-6653-7243		
Cash book balance at beginning of year	390 171	12 254
Cash book balance at end of year	270 801	390 171
Bank statement balance at beginning of year	390 171	12 254
Bank statement balance at end of year	270 801	390 171
Cash on hand		
Petty Cash	51 435	48 485
Total cash on hand	51 435	48 485

MBOMBELA LOCAL MUNICIPALITY
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7 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Infrastructure	Community	Leased Assets	Other Assets	Total
	R	R	R	R	R	R
Reconciliation of Carrying Value 30 June 2012						
Carrying values at beginning of the year	1 170 542 374	2 995 824 010	1 366 634 343	653 793	203 405 195	5 737 059 715
Cost	566 267 314	3 856 749 627	1 357 837 781	209 707	202 869 827	5 983 934 256
Accumulated depreciation and impairment losses	604 275 060	(860 925 617)	8 796 562	444 086	535 368	(246 874 541)
	16 160 831	157 654 699	2 175 614	-	29 429 672	205 420 816
Acquisitions	11 968 294	31 372 975	656 891	-	29 429 672	73 427 832
Capital under Construction	4 192 538	126 281 724	1 518 723	-	-	131 992 984
Depreciation	(5 595 160)	(190 581 998)	(72 487 164)	(148 029)	(17 649 238)	(286 461 589)
Carrying value of disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-
Carrying values at the end of the year	1 181 108 045	2 962 896 711	1 296 322 793	505 764	215 185 629	5 656 018 942
Cost	582 428 145	4 014 404 326	1 360 013 395	209 707	232 299 499	6 189 355 072
Accumulated depreciation and impairment losses	598 679 900	(1 051 507 615)	(63 690 602)	296 057	(17 113 870)	(533 336 130)
Reconciliation of Carrying Value 30 June 2011						
	R	R	R	R	R	R
Carrying values at beginning of the year	563 948 110	3 181 900 097	1 327 530 142	444 086	113 698 773	5 187 521 208
Cost	604 275 060	3 856 749 627	1 333 197 301	444 086	178 594 421	5 973 260 495
Correction of prior year error			8 796 562		535 368	9 331 930
Accumulated depreciation and impairment losses	(40 326 950)	(674 849 530)	(14 463 721)	(86 350)	(65 431 016)	9 331 930
	8 561 088	246 196 893	15 843 918	-	23 740 038	294 341 937
Acquisitions	7 512 371	73 018 983	13 180 949	-	23 740 038	294 341 937
Capital under Construction	1 048 717	173 177 910	2 662 969	-	-	117 452 341
Depreciation	5 326 294	186 076 087	74 562 594	148 029	14 133 595	280 246 599
						280 246 599
Carrying value of disposals	915 590	-	-	-	-	915 590
Cost	915 590	-	-	-	-	915 590
Accumulated depreciation and impairment losses	-	-	-	-	-	915 590
Carrying values at the end of the year	566 267 314	2 995 824 010	1 366 634 343	209 707	203 405 195	5 132 340 569
Cost	604 275 060	3 856 749 627	1 357 837 781	444 086	202 869 827	6 022 176 381
Accumulated depreciation and impairment losses	-	(860 925 617)	8 796 562	-	535 368	(851 593 687)

Refer to Appendix B for more detail on property, plant and equipment

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8 INTANGIBLE ASSETS

Reconciliation of carrying value 30 June 2012	Computer Software R	Servitudes R	Total R
Carrying values at beginning of the year	3 012 828	4 590 568	7 603 396
Cost	7 124 915	4 590 568	11 715 483
Accumulated amortisation and impairment losses	(4 112 087)	-	(4 112 087)
Under construction	-	-	-
Acquisitions	-	-	-
Amortisation	(267 862)	-	(267 862)
Carrying values at the end of the year	2 744 966	4 590 568	7 335 534
Cost	7 124 915	4 590 568	11 715 483
Accumulated amortisation and impairment losses	(4 379 949)	-	(4 379 949)

Reconciliation of carrying value 30 June 2011	Computer Software R	Servitudes R	Total R
Carrying values at beginning of the year	831 824	2 670 909	3 502 733
Cost	4 721 615	2 013 909	6 735 524
Accumulated amortisation and impairment losses	(3 889 791)	-	(3 889 791)
Under construction	1 913 737	-	1 913 737
Acquisitions	489 563	2 576 659	3 066 222
Amortisation	222 296	-	222 296
Carrying values at the end of the year	3 012 828	4 590 568	7 603 396
Cost	7 124 915	4 590 568	11 715 483
Accumulated amortisation and impairment losses	(4 112 087)	-	(4 112 087)

9 INVESTMENT PROPERTIES

	2012	2011
	R	R
Reconciliation of carrying value		
Carrying values at beginning of the year	352 912 930	355 881 230
Cost	362 079 325	410 639 325
Correction of error	-	(48 560 000)
Accumulated depreciation and impairment losses	(9 166 395)	(6 198 095)
Depreciation	(2 968 300)	2 968 300
Disposal	9 200 240	-
Cost	11 101 968	-
Accumulated depreciation	1 901 728	-
Carrying values at the end of the year	340 744 390	352 912 930
Cost	350 977 357	362 079 325
Accumulated depreciation and impairment losses	(10 232 967)	(9 166 395)

MBOMBELA LOCAL MUNICIPALITY
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	2012	2011
	R	R
11 NON - CURRENT RECEIVABLES		
Housing selling scheme loans	4 641 169	4 799 545
Impairment	3 943 705	4 065 844
Short-term Portion	64 787	253 847
Total Non - Current Receivables	632 677	479 854

12 INVESTMENTS

Held to maturity Investments

Fixed Deposits	13 633 348	22 596 796
Less Fixed Term portion	-	-
Total Held to Maturity Investments	13 633 348	22 596 796

A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA

13 BORROWINGS

Local Registered Stock Loans	3 000	3 000
Annuity Loans	218 273 195	188 830 585
	218 276 195	188 833 585

Less : Current portion transferred to current liabilities	14 285 646	13 261 347
Local Registered Stock Loans	3 000	3 000
Annuity Loans	14 282 646	13 258 347

Total Non-Current borrowings	203 990 549	175 572 238
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Refer to Appendix A for more details on borrowings.

Certain investments have been pledged as security for borrowings as indicated in note 12.

14 FINANCE LEASE LIABILITY

30 June 2012	Minimum lease payment	Future finance charges	Present value Present value of minimum lease payments
Amounts payable under finance leases	R	R	R
Within one year	73 750	2 162	71 588
Within two to five years	73 750	2 162	71 588
Less: Amount due for settlement within 12 months (current portion)			71 588
			-

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
14 FINANCE LEASE LIABILITY (cont.)		
	Minimum lease payment	Future finance charges
30 June 2011		Present value of minimum lease payments
Amounts payable under finance leases	R	R
Within one year	178 395	19 296
Within two to five years	74 796	2 226
	<u>253 191</u>	<u>231 670</u>
Less: Amount due for settlement within 12 months (current portion)		159 100
		<u><u>72 570</u></u>

The average lease term is 3-5 years and the average effective borrowing rate is 12%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

15 CONSUMER DEPOSITS

NON-CURRENT

Electricity and Water
Accrued interest

8 327 435 7 853 555
- -

CURRENT

Electricity and Water
Accrued interest

1 835 118 1 834 053
- -

Total consumer deposits

10 162 553 9 687 608

No interest is paid on consumer deposits. The nominal value of consumer deposits is (2011: R 17 633 018)

Guarantees held in lieu of Electricity and Water Deposits

889 274 1 662 410

16 OTHER CURRENT FINANCIAL LIABILITIES

Consumer debt - Vat Liability
Service contributions: Water
Service contributions: Sewerage
Sundry Deposits
Amounts paid in advance
Suspense accounts

23 143 916 19 764 293
3 682 639 3 442 740
1 863 643 1 837 220
909 507 728 541
30 622 693 31 991 946
7 453 523 14 690 646

Total Other Liabilities

67 675 920 72 455 386

17 PROVISIONS

Provision for rehabilitation of landfill sites
Provision for long-service awards

21 648 000 10 112 345
6 397 628 4 909 963

Total Provisions

28 045 628 15 022 308

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the obligation to rehabilitate the landfill sites using a fair value rate of 11% per annum.

The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover and has been determined by an actuary.

The movement in the non-current provision is reconciled as follows: -

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
17 PROVISIONS (cont.)		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	10 112 345	9 460 964
Increase in Asset/Liabilities due to Change in Provision Estimate	9 390 357	-
Increase in provision due to discounting	2 145 297	651 381
Balance at the end of year	21 648 000	10 112 345
Provision for long-service awards:		
Balance at the beginning of year	4 909 963	3 915 078
Contributions to provision	1 677 000	1 235 000
Expenditure incurred	(189 335)	(240 115)
Balance at the end of year	6 397 628	4 909 963

18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent Conditional Government Grants-Capital	145 943 077	117 837 916
Municipal Infrastructure Grant (MIG)	140 860 622	96 797 476
Department of Water Affairs and Forestry (DWAF)	1 703 964	5 225 189
Integrated National Electrification Programme Grant (INEP)	1 241 511	4 302 402
Department of Housing	-	5
Electricity Demand Side Management Grant (DME)	-	5 130 318
Neighbourhood Development Partnership Grant (NDPG)	2 136 981	6 376 969
Information and Communications Technology (ICT) Library Grant	-	5 557
Unspent Conditional Government Grants-Operating	12 839 623	11 091 387
Finance Management Grant (FMG)	77 410	343 632
Municipal Systems Improvement Grant (MSIG)	240 992	569 568
Provincial Grants	26 982	26 848
National Lottery Grant	10 036 218	10 151 339
Disaster Relief Grant	2 458 020	-
Total Unspent Conditional Grants and Receipts	158 782 701	128 929 303
Total unspent conditional government grants and public contributions	158 782 701	128 929 303

19 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	257 525 014	197 486 943
Retentions	19 146 248	41 200 550
Accrued Staff Leave	24 683 456	20 126 568
Accrued Bonusses	8 322 648	6 842 270
Motor Vehicle Licenses Province	19 469 263	9 939 048
Other creditors	5 663 847	4 418 672
Total creditors	334 810 476	280 014 051

The fair value of trade and other payables approximates their carrying amounts.

20 DEFERRED REVENUE

Delta EMD : Opening Balance	6 187 223	769 139
Delta EMD : Received during the year	-	5 418 084
Revenue recognised	(771 496)	-
Total deferred revenue	5 415 727	6 187 223

This was an advance payment by Delta EMD for the construction of a landfill site. Delta EMD receives preferential pricing on the use of the landfill site and the revenue recognised is the amount billed for the utilisation of the landfill site. This amount is therefore treated as deferred revenue.

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	2012	2011
	R	R
21 POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS		
The Municipality provides certain post-retirement health care benefits to staff. These health care benefits are unfunded. The municipality provides a 60% subsidy of medical scheme contribution to eligible in service and continuation members upon retirement subject to a maximum rand cap of R3,277.75 irrespective of marital status.		
21.1 Medical Aid Benefits Expense		
Current service cost	9 964 000	7 487 000
Interest cost	11 045 000	8 583 000
Actuarial (gain)/ losses	4 813 000	19 739 000
Expected employer benefits	(1 920 247)	(2 149 000)
Net post retirement health care benefit expense	23 901 753	33 660 000

The Medical Aid Benefit expense is included in employee remuneration.

21.2 Assumptions for actuarial valuation

The assumptions made for the actuarial valuation as at 30 June were as follows: -

Expected medical aid benefit increases	7.75% p.a	7.75% p.a
Discount rate	8.75% p.a	8.75% p.a
Salary inflation	7.25% p.a	7.25% p.a
Expected retirement age (years)	60	60

A one percentage change in the assumed rate of increase of medical aid benefits would have the following effect:

	Decrease	Increase
	R	R
30 June 2012		
Health cost inflation effect on the current service cost	20 420 000	28 624 000
Health cost inflation effect on the defined benefit liability	128 039 000	168 496 000
Salary inflation effect on the health care benefit liability	150 434 000	151 180 000
Discount rate effect on the health care benefit liability	188 644 000	122 972 000
Retirement age effect on the health care benefit liability	159 254 000	143 147 000
30 June 2011		
Health cost inflation effect on the current service cost	16 756 000	26 307 000
Health cost inflation effect on the defined benefit liability	105 747 000	153 971 000
Salary inflation effect on the health care benefit liability	123 815 000	129 625 000
Discount rate effect on the health care benefit liability	158 256 000	104 779 000
Retirement age effect on the health care benefit liability	134 370 000	121 019 000

21.3 Post-retirement Health Care Benefit Liability

Present value of defined obligation (refer 11.4 below)

	151 472 753	127 571 000
Net Post-retirement Health Care Benefit Liability	151 472 753	127 571 000

21.4 Changes in post-retirement Health Care Benefits Liability

Changes in the present value of the defined benefit liability are as follows: -

Balance at beginning of the year	127 571 000	93 911 000
Current service cost	9 964 000	7 487 000
Interest cost	11 045 000	8 583 000
Actuarial (gain)/ loss	4 813 000	19 739 000
Expected employer benefits	(1 920 247)	(2 149 000)
Balance at end of year	151 472 753	127 571 000

Disclosed in the Statement of Financial Position as follows:

Non-current portion	148 742 753	125 107 000
Current portion	2 730 000	2 464 000
Total Post-retirement Health Care Liability	151 472 753	127 571 000

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	2012	2011
	R	R
22 PROPERTY RATES		
<u>Actual</u>		
Residential	99 011 659	77 854 848
Commercial	119 808 783	100 453 478
Agricultural	6 852 964	4 586 868
Government	14 382 796	11 189 800
Other	5 759 823	3 779 963
Total	245 816 025	197 864 957
Property rates - penalties imposed and collection charges	-	-
Total property rates	245 816 025	197 864 957

Valuations

Residential	22 183 810 576	21 759 389 033
Commercial	9 975 792 624	9 355 743 642
Government	885 971 017	772 906 016
Municipal	2 214 956 708	2 201 342 203
Agriculture	5 855 373 566	5 914 375 007
Other	2 033 369 562	1 052 378 642
Total Property Valuations	43 149 274 053	41 056 134 543

Valuations on land and buildings are performed every four years. The last valuation compiled in accordance with the Municipal Property Rates Act, 2004 came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

A general rate of 0.6978 cent in a Rand (2011 : 0.6646) is applied to property valuations to determine property rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. A compulsory phasing-in discount is applied on all newly rateable properties in terms of section 21 of the Municipal Property Rates Act, 2004. Rates are levied on a monthly basis on property owners. Interest at 10 % per annum (2011 :11%) is levied on outstanding rates.

23 SERVICE CHARGES

Sale of electricity	494 836 665	400 935 298
Sale of water	25 750 588	25 646 895
Refuse removal	52 744 641	45 781 625
Sewerage and sanitation charges	14 827 316	12 644 148
Total Service Charges	588 159 210	485 007 966

24 FINANCE INCOME

Cash and cash equivalent and investments	2 751 538	5 302 603
Outstanding consumer debtors	18 955 527	18 624 537
Other Debtors	351 869	-
Discounting	5 960 614	2 426 435
Total Finance income	28 019 548	26 353 575

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	2012	2011
	R	R
25 GOVERNMENT GRANTS AND SUBSIDIES		
Capital Grants		
Municipal Infrastructure Grant	81 610 409	71 921 379
Water Services Grant	3 521 226	28 303 304
Department of Minerals and Energy DME: Electricity Demand Side Management	-	8 743 525
Public Transport Infrastructure Services	-	4 444 292
Library Information and Communications Tecchnology (ICT) Capital Grant	5 555	-
Lottery Grant	133 612	-
Mpumalanga Housing (Phumlani Projects)	-	2 556 456
Neighbourhood Development Partnership Grant (NDPG)	4 239 988	6 064 031
Total Government Grant and Subsidies (Capital)	89 510 790	122 032 987
Operating Grants		
Equitable Share	279 161 976	247 674 576
Municipal Systems Improvement Grant (MSIG)	1 118 576	790 834
Finance Management Grant (FMG)	1 516 222	1 188 379
Water Services Grant	14 650 000	15 207 000
Municipal Infrastructure Grant (Operating projects)	29 357 446	22 674 660
2010 Host City Operating Grant	-	5 183 782
Public Transport Infrastructure and Systems Grant - PTIS (Public Transport Plan 2010)	-	14 030 857
Integrated National Electrification Programme Grant (INEP)	3 060 890	11 408 097
Electricity Demand Side Management Grant (DME)	5 130 317	-
Department of Roads and Transport	36 632 993	733 199
Expanded Public Works Programme (EPWP) Grant	4 515 000	1 201 697
Other Provincial : Municipal Support Programme Grant	-	95 819
Other Provincial : Revenue Enhancement Grant	-	97 282
Other Provincial Department of Housing : Low cost Housing (Masoyi People's Housing Process)	-	397 069
Total Government Grant and Subsidies (Operating)	375 143 419	320 683 252
Total Government grants and subsidies (Operating and Capital)	464 654 209	442 716 239
Equitable Share	279 161 976	247 674 576
This grant is unconditional and is partially utilised for the indigent support through free basic services.		
Finance Management Grant		
Balance unspent at beginning of year	343 632	532 011
Current year receipts	1 250 000	1 000 000
Conditions met – transferred to revenue	(1 516 222)	(1 188 379)
Unspent amount transferred to liabilities (See Note 18)	77 410	343 632
The grant was used for the financial management internship and reforms programmes. The conditions of the grant were met.		
Municipal Systems Improvement Grant		
Balance unspent at beginning of year	569 568	610 401
Current year receipts	790 000	750 000
Conditions met – transferred to revenue	(1 118 576)	(790 833)
Unspent amount transferred to liabilities (See Note 18)	240 992	569 568

This grant was used to fund the Municipal Property Rates Rates Implementation process, Asset Management, Upgrade of financial system and Municipal properties verification. The conditions of the grant were met.

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	2012	2011
	R	R
25 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
Water Services Grant		
Balance unspent at beginning of year	5 225 190	16 317 494
Current year receipts	-	20 960 000
Conditions met – transferred to revenue	(3 521 226)	(32 052 304)
Unspent amount transferred to liabilities (See Note 18)	1 703 964	5 225 190
 This grant was used to fund the operating expenses for the water schemes transferred to the municipality by the Department of Water Affairs and Forestry (DWAF). The conditions of the grant were met.		
2010 Host City Operating Grant		
Balance unspent at beginning of year	-	5 212 325
Current year receipts	-	-
Conditions met – transferred to revenue	-	(5 212 325)
Unspent amount transferred to liabilities (See Note 18)	-	-
 This grant was used to fund operating expenses for primary health care, service rendered on behalf of the provincial government.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	96 797 477	51 597 816
Current year receipts	155 031 000	127 087 000
Conditions met – transferred to revenue	(81 610 409)	(71 921 379)
Other adjustments : transferred to operating	(29 357 446)	(9 965 960)
Unspent amount transferred to liabilities (See Note 18)	140 860 622	96 797 477
 This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The amount transferred to operating relates to electrification projects and Ventilated Improved Pit (VIP) toilets which does not meet the criteria definition of a capital assets hence service delivery was done		
Public Transport Infrastructure and Systems Grant - PTIS (Public Transport Plan 2010)		
Balance unspent at beginning of year	(10 906 774)	(97 431 625)
Current year receipts	45 000 000	105 000 000
Conditions met – transferred to revenue	(36 632 993)	(4 444 292)
Other adjustments : transferred to operating	-	(14 030 857)
Unspent amount transferred to (receivables)/liabilities	(2 539 767)	(10 906 774)
 The grant was used to construct new and improve existing public transport and non-motorised transport infrastructure for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.		
Integrated National Electrification Programme Grant (INEP)		
Balance unspent at beginning of year	4 302 401	13 246 551
Current year receipts	-	1 220 000
Conditions met – transferred to revenue	(3 060 890)	(10 164 150)
Other adjustments : transferred to operating	-	-
Unspent amount transferred to liabilities (See Note 18)	1 241 511	4 302 401
 The grant was utilised to instal electricity infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld. The electrification of households expenditure was transferred to operating expenditure as it is not Council 's assets		

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	2012	2011
	R	R
25 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
Other Provincial Grants		
Balance unspent at beginning of year	32 409	621 944
Current year receipts	133	934
Conditions met – transferred to revenue (Operating Municipal Support)	-	(95 819)
Conditions met – transferred to revenue (Operating Revenue Enhancement)	-	(97 282)
Conditions met – transferred to revenue (Operating Provincial Housing)	(5)	(397 069)
Conditions met – transferred to revenue (Operating Community Libraries ICT)	(5 555)	-
Other adjustments	-	(299)
Unspent amount transferred to liabilities (See Note 18)	<u>26 982</u>	<u>32 409</u>
The grants were utilised for various projects as set out in the conditions of the Grants		
Department of Roads and Transport		
Balance unspent at beginning of year	-	1 229 516
Current year receipts	-	-
Conditions met – transferred to revenue	-	(733 199)
Other adjustments	-	(496 317)
Unspent amount transferred to liabilities (See Note 18)	<u>-</u>	<u>-</u>
The grant to be used for co-funding a specific development project.		
Electricity Demand Side Management Grant (DME)		
Balance unspent at beginning of year	5 130 317	7 117 790
Current year receipts	-	8 000 000
Conditions met - transferred to revenue	(5 130 317)	(9 987 473)
Unspent amount transferred to liabilities (See Note 18)	<u>-</u>	<u>5 130 317</u>
MP Housing Department (Phumlani Projects)		
Balance unspent at beginning of year	-	(3 815 502)
Current year receipts	-	6 371 958
Conditions met - transferred to revenue	-	(2 556 456)
Unspent amount transferred to liabilities (See Note 18)	<u>-</u>	<u>-</u>
The grant to be used for co-funding a specific development project.		
Neighbourhood Development Partnership Grant (NDPG)		
Balance unspent at beginning of year	6 376 969	8 941 000
Current year receipts	-	3 500 000
Conditions met - transferred to revenue	(4 239 988)	(6 064 031)
Unspent amount transferred to liabilities (See Note 18)	<u>2 136 981</u>	<u>6 376 969</u>
Grant to be utilised for the re-development in former R 293 towns.		
National Lottery Grant		
Balance unspent at beginning of year	10 151 339	1 131 370
Current year receipts	18 491	9 019 969
Conditions met - transferred to revenue	(133 612)	-
Unspent amount transferred to liabilities (See Note 18)	<u>10 036 218</u>	<u>10 151 339</u>
Grant to be utilised for Sports Development programmes. The conditions of the grant has not been met.		
Disaster Relief Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2 458 020	-
Conditions met - transferred to revenue	-	-
Unspent amount transferred to liabilities (See Note 18)	<u>2 458 020</u>	<u>-</u>
Grant to be used for immediate response to disaster within the municipality		

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	2012	2011
	R	R
26 RENTAL OF FACILITIES AND EQUIPMENT		
Advertising signs	633 152	1 149 964
Flats	53 517	243 577
Halls	343 842	253 704
Sundry grounds and buildings	2 318 540	1 071 384
Mbombela Stadium	9 958 845	20 665 868
Personnel Housing	666 662	625 556
Concession rental	2 275 995	2 275 996
Other	179 951	210 275
	16 430 504	26 496 324

27 AGENCY FEE

Department of Roads & Transport

Revenue received on behalf of the Department	85 599 993	75 211 247
Less: License Card Fees	(1 740 825)	(1 508 319)
Less: VAT on Agency Fee	(3 174 641)	(2 892 861)
Less: Accruals and Payments to the Department	(58 008 521)	(50 146 772)

Agency Fee

22 676 006	20 663 295
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The municipality acts as an agent for the Department of Roads and Transport in collecting motor vehicle licence fees. The agency fee comprises of a percentage of the fees collected.

28 OTHER REVENUE

Service Contributions	7 170 389	3 341 210
Conditional Service Contributions	2 752 258	5 142 662
Electrical Connections	5 607 729	933 041
Electrical Re-connection Fees	135 629	640 242
Licensing & Testing Grounds	1 740 825	1 226 289
Prescribed Creditors	448 231	2 377 546
Administration fees (Debt Collection)	395 402	1 346 930
Concession Fee	2 339 021	2 328 865
Water Cost Recovery (Silulumanzi)	2 111 007	4 173 468
Prepaid Commission	1 225 501	1 088 950
Building Plan Fees	945 860	1 283 754
Insurance Claims	2 611 893	769 212
Township Recovery Cost	303 152	24 152
Burial Fees	427 131	386 362
Sale of Bid Documents	458 635	237 118
Clearance Certificates	596 395	434 098
Coupons - Solid Waste	128 681	250 115
Conference Registration Fees	98 888	353 876
Refund - Workman's Compensation Act (WCA)	57 542	165 678
Refund - Sector Education and Training Authorities (SETA)	960 850	923 955
Sales - Sundry	135 111	191 661
Fire Brigade Services	37 643	51 394
Library Fees	34 941	43 763
Sundry Income	8 425 826	14 508 698
	39 148 540	42 223 039

29 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	235 483 435	224 750 039
Employee related costs - Contributions for UIF, pensions and medical aids	67 266 660	58 565 892
Travel, motor car, accommodation, subsistence and other allowances	35 034 139	22 718 420
Housing benefits and allowances	2 740 096	2 477 654
Overtime payments	35 870 501	32 541 742
Long-service awards	1 213 000	844 000
Post retirement medical benefits	14 777 000	27 054 008
Total Employee Related Costs	392 384 831	368 951 755

There were no advances / loans to employees.

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	2012	2011
	R	R
29 EMPLOYEE RELATED COSTS (cont.)		
Remuneration of the Municipal Manager		
Annual Remuneration	43 289	-
Vehicle & Other Allowances	16 128	-
Contributions to UIF, Medical and Pension Funds	15 584	-
Total	75 001	-
Remuneration of the Deputy Municipal Manager		
Annual Remuneration	624 845	701 568
Vehicle & Other Allowances	248 393	147 437
Contributions to UIF, Medical and Pension Funds	195 950	203 805
Total	1 069 188	1 052 810
Remuneration of the Chief Finance Officer		
Annual Remuneration	700 881	730 970
Vehicle & Other Allowances	187 526	234 221
Contributions to UIF, Medical and Pension Funds	188 494	190 748
Total	1 076 902	1 155 939
Remuneration of Individual General Managers	Technical Services	Corporate Services
		Community Services
2012		
Annual Remuneration	589 461	396 576
Vehicle & Other Allowances	169 442	138 685
Contributions to UIF, Medical and Pension Funds	131 169	94 386
Total	890 072	629 647
		548 166
		180 000
		148 213
2011		
Annual Remuneration	620 104	581 111
Vehicle & Other Allowances	145 515	159 074
Contributions to UIF, Medical and Pension Funds	137 909	185 677
Total	903 528	925 861
		579 334
		168 708
		152 934

* UIF = Unemployment Insurance Fund

30 REMUNERATION OF COUNCILLORS

Executive Mayor	347 647	573 394
Deputy Executive Mayor	-	47 390
Speaker	365 072	310 860
Executive Committee Members	3 029 715	1 737 228
Councillors	8 007 730	7 722 063
Councillors' pension and medical aid contributions	1 976 078	1 814 383
Councillors' allowances	5 575 594	4 746 781
Total Councillors' Remuneration	19 301 835	16 952 099

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has been allocated staff for protective services.

Council provided security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost to Council.

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	2012	2011
	R	R
31 DEPRECIATION AND AMORTISATION		
Property, plant and equipment	286 239 290	280 246 598
Intangible assets	490 158	222 296
Investment property carried at cost	2 968 300	2 968 300
Total Depreciation and Amortisation	289 697 748	283 437 194
32 FINANCE COSTS		
Borrowings	22 921 583	20 698 559
Deferred Settlement terms	6 613 816	5 545 205
Provisions	13 654 297	9 625 381
Total Finance Costs	43 189 696	35 869 145
33 BULK PURCHASES		
Electricity	363 216 266	293 039 445
Water	9 314 894	6 523 522
Total Bulk Purchases	372 531 160	299 562 966
34 CONTRACTED SERVICES		
Contracted services for:		
Stadium Management	24 861 616	30 342 796
Electricity Demand side management	5 130 317	9 987 473
Formalisation and Township Development	2 729 772	14 266 670
Household electrification & sanitation projects	26 924 832	23 438 009
Water purification and distribution	52 972 184	45 691 925
Information Technology (IT) Services	12 452 479	10 905 461
Meter reading services	1 978 968	1 802 566
Solid Waste Services	18 496 543	23 312 514
Security Services	11 974 879	11 408 493
Other services	2 472 054	2 697 725
Total Contracted Services	159 993 644	173 853 632
35 GRANTS AND SUBSIDIES PAID		
Grant to SPCA* for animal care	271 360	271 360
Total Grants and Subsidies Paid	271 360	271 360

* SPCA = Society for the Prevention of Cruelty to Animals

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	2012	2011
	R	R
36 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	882 238	1 001 662
Aerial Photography	1 978 200	-
Agency prepaid commission	1 754 889	1 582 517
Asset Register Update	771 373	1 338 721
Audit fees	4 132 130	4 332 028
Bank charges	1 955 699	1 904 407
Baseline Study	10 635 249	-
Bursaries	1 707 963	2 019 987
Chemicals	1 011 486	732 329
Cleansing hawkers Stalls	-	29 180
Conferences and delegations	372 033	1 503 303
Consultation and Development	3 260 714	23 203 195
Clearing Illegal dumping	1 821 389	333 291
Drivers Licence cards	1 940 359	1 490 591
Entertainment & Refreshments	1 840 117	681 226
Electrical Connections	2 624 108	783 489
Electricity (own usage)	25 205 579	20 274 655
Free Basic Water	13 125 000	17 500 000
Free Basic Electricity	3 384 885	1 561 605
Financial management grant	1 515 766	1 257 365
Indigent Subsidy	3 230 703	2 889 095
Insurance	6 104 192	5 854 575
Legal costs	2 893 425	4 035 020
Local Economic Development Programmes	2 888 532	-
Marketing	693 016	628 633
Master Plans, Business Plans & Feasibility Studies	3 490 332	-
Membership fees	2 661 403	1 660 206
Municipal Systems Improvement Grant	1 106 956	790 834
Public Participation	994 655	1 862 429
Public Transport Management Function	35 396 413	14 030 857
Protective & Official Clothing	1 725 428	1 224 389
Postage	1 375 311	1 681 501
Printing and stationery	3 199 018	3 028 502
Recruitment and Selection	883 248	339 996
Rental of office equipment	398 439	338 837
Rental of telephone system	179 416	745 800
Skills development levies	3 108 583	2 681 929
Sewerage & Water : Silulumanzi	7 321 133	5 796 431
Sports Programme	2 492 731	143 905
Telephone	4 546 073	4 991 736
Tourism Development	2 982 151	-
Training	2 538 568	4 086 500
Transversal Programmes	1 001 511	488 088
Travel and subsistence	4 251 853	3 153 053
Ward committees	4 849 756	1 949 789
Valuation roll costs	1 339 042	1 522 231
Other	11 937 701	5 925 067
Total General Expenses	193 508 765	151 378 952
37 REPAIRS AND MAINTENANCE		
Roads	52 080 800	49 949 782
- Dirt Roads	29 714 617	35 424 292
- Streets & Storm water	22 366 183	14 525 490
Water and Sewerage Infrastructure & Services	8 875 056	20 198 937
Vehicles	23 054 685	17 505 293
Electrical Infrastructure & Services	20 124 023	16 268 930
Parks, Gardens and Open Spaces	4 840 106	4 428 558
Buildings	5 384 955	5 047 514
Machinery & Equipment	2 700 207	1 500 273
Traffic Control Equipment	1 260 621	1 551 011
Landfill Site and Waste Removal Services	9 340 129	2 173 050
Sport Facilities	683 162	642 652
Other	536 840	858 182
	128 880 584	120 124 182

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	2012	2011
	R	R
38 PROFIT (LOSS) ON DISPOSAL OF ASSETS		
Property, plant and equipment	(2 497 300)	5 125 757
Total Profit (Loss) on Disposal of Assets	(2 497 300)	5 125 757
39 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	(253 641 175)	(211 382 744)
Adjustment for:-		
Non-cash items:		
(Gain) / loss on sale of assets	2 497 300	(5 125 757)
Contribution to provisions	36 925 073	35 306 266
Depreciation and amortisation	289 697 748	283 437 194
Debt Impairment	55 363 845	8 992 990
Prior year adjustments	-	14 704 027
Cash items		
Finance costs	43 189 696	35 869 145
Finance Income	(28 019 548)	(26 353 575)
Operating surplus before working capital changes:	146 012 939	135 447 546
(Increase)/ decrease in inventories	(888 573)	572 912
Increase/ (decrease) in trade receivables	(62 900 057)	(33 675 580)
(Increase)/decrease in other receivables	5 175 466	87 442 293
(Increase)/decrease in VAT	28 840 173	50 644 017
(Decrease)/increase in conditional grants and receipts	29 853 398	(8 702 250)
Increase/(decrease) in trade payables	54 796 425	24 473 851
Increase/(decrease) in consumer deposits	474 945	529 638
Increase / (decrease) in other liabilities	(4 779 465)	578 911
Cash generated by/(utilised in) operations	196 585 251	257 311 338
40 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	35 792 008	15 773 122
Net cash and cash equivalents (net of bank overdrafts)	35 792 008	15 773 122
41 CORRECTION OF ERROR		
The net surplus/ (deficit) for the year has been adjusted by the following errors:-		(199 997 004)
Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations		6 354 350
Recognition of Revenue from Assets received at no consideration from other sphere of Government		9 331 930
Correction of depreciation for the 2010/2011 financial year		562 758
Eskom Re- Billings for the 2010/2011 financial year		(26 540 773)
Recording of DWAF invoices to the correct financial period		(23 786)
Recording of ICT consultation invoices to the correct financial period		(903 007)
Recording of Consultation and Development invoices to the correct financial period		(167 211)
Net effect on surplus		(11 385 740)
Restated surplus for the period		(211 382 744)

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
41 CORRECTION OF ERROR (cont.)		
The opening accumulated surplus has been adjusted for the following errors:-		4 947 646 697
Net effect on surplus		(11 385 740)
Recording of DWAF invoices for the previous financial year which were omitted		(618 686)
Recognition of conditional service contributions revenue utilised in the previous year		(1 688 097)
DWAF funded projects, incorrectly funded from own funding, recognition of revenue for prior periods		8 972 309
Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations		13 207 829
Eskom Re- Billings for the 2009/2010 financial year incorrectly included in 2010/2011 financial year		(5 169 326)
Correction of disposed Investment Property Assets incorrectly included		(48 560 000)
Net effect on the opening balance of the accumulated surplus		(33 855 971)
Restated balance		4 902 404 985
Assets		38 665 313
Liabilities		4 888 304
Net effect on Statement of Financial Position		43 553 617

42 CHANGE IN ACCOUNTING ESTIMATE

The original estimate on the provision for the rehabilitation of landfill sites was based on information that was only reliably and accurately available at that point in time. A change in the estimated amount for the provision of the rehabilitation of landfill sites was revised due to more accurate engineer's report being made available.

The effect of the change in the accounting estimate has resulted in an increase in interest cost amounting to R2,1 million to a provision amount of R21,6 million for the current period. The effect of the future periods is a cumulative average increase in the interest cost to R2,7 million over the next 3 years compounded at 11% per annum.

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

43.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	99 578 136	113 642 754
Unauthorised expenditure current year	6 483 647	90 935 382
Condoned or written off by Council	-	-
Transfer to receivables for recovery	-	(105 000 000)
Unauthorised expenditure awaiting authorisation/ condonment	<u>106 061 783</u>	<u>99 578 136</u>

Incident	
Conditional grants utilised for other purposes than intended for. An application for condonement of R113 million and R90.9 million unauthorised expenditure for 2009/2010 and 2010/2011 respectively has been submitted to the National Treasury on 24 April 2012. The unauthorised expenditure is in relation to the unlawful utilisation of the conditional grants in 2009/2010 financial year to counter fund the capital expenditure for the 2010 World Cup infrastructure. This happen after certain committed conditional grants were cut by the National Treasury and National Department of Transport without consulting the municipality.	6 483 647

Total Unauthorised Expenditure for the current year

6 483 647

MBOMBELA LOCAL MUNICIPALITY
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	2012	2011
	R	R
43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (cont.)		
43.2 Fruitless and wasteful expenditure		
Reconciliation of Fruitless and Wasteful expenditure		
Opening balance	3 520 883	333 858
Fruitless and Wasteful Expenditure expenditure current year	4 352 251	3 187 025
Condoned or written off by Council	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting condonment	7 873 134	3 520 883

Incident	Amount
Insurance claim repudiated due to expired public driver's permit (PDP)	64 000
Interest charged by suppliers for late payments	4 248 251
Fine paid to the Department of Economic Development, Environment & Tourism for illegal township development at Elandshoek	40 000

Total fruitless and wasteful expenditure for the current year **4 352 251**

43.3 Irregular expenditure

Reconciliation of Irregular Expenditure

Opening balance	41 919 802	41 157 656
Irregular expenditure current year	625 788	762 146
Condoned or written off by Council	-	-
Transfer to receivables for recovery	-	-
Amount Recovered		
Unauthorised expenditure awaiting condonment	42 545 590	41 919 802

Incident	Amount
Awards made to employees of the Municipality	173 115
SCM processes not properly not followed	452 673
Total irregular expenditure for the current year	625 788

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT AND APPLICABLE REGULATIONS

Section 125 of the Municipal Finance Management Act No. 56 of 2003

Contributions to the South African Local Government Association (SALGA)

Opening balance	-	-
Council subscriptions	2 645 417	1 649 930
Amount paid - current	(1 682 596)	(1 649 930)
Balance unpaid (included in payables)	962 821	-

Audit fees

Opening balance	95 518	238 633
Current year audit fee	2 943 589	2 261 317
Amount paid - current year	(455 742)	(314 821)
Amount paid - previous years	(2 552 414)	(2 089 611)
Balance unpaid (included in payables)	30 951	95 518

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT AND APPLICABLE REGULATIONS (cont.)		
VAT		
Opening Balance	29 888 515	80 532 532
Total Amount claimed from SARS during the year	51 582 776	54 009 724
Total Amount received during the year	(80 423 072)	(103 804 253)
Adjustments after 30 June	124	(849 489)
Amount due to the municipality	<u>1 048 342</u>	<u>29 888 515</u>

VAT input receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.

PAYE and UIF

Opening balance	-	-
Current year payroll deductions	47 680 102	43 782 084
Amount paid - current year	(43 828 463)	(43 782 084)
Balance unpaid (included in payables)	<u>3 851 639</u>	<u>-</u>

The unpaid balance is the amount for June 2012 which was payable in July 2012

Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	94 156 001	56 301 113
Amount paid - current year	(86 137 180)	(56 301 113)
Balance unpaid (included in payables)	<u>8 018 821</u>	<u>-</u>

The unpaid balance is the amount for June 2012 which was payable in July 2012

Section 124 of the Municipal Finance Management Act No. 56 of 2003 Councillor's arrear consumer accounts

	Less than 90 Days	90 Days and +	Total
The following Councillors had arrear consumer accounts as at : 30 June 2012			
Councillor J A Mkhonto	420	26 951	27 371
Councillor S N Nyalunga	453	22 083	22 536
Councillor B A Zulu	1 012	19 767	20 780
Councillor S R Mabuza	326	18 127	18 454
Councillor M S Magagula	578	16 582	17 160
Councillor V V V Nkosi	272	10 432	10 704
Councillor B N Mdluli	745	9 292	10 037
Councillor A Kumba	267	9 987	10 253
Councillor K E Maziya	28	3 034	3 062
Councillor T G Mabuza	187	1 520	1 707
Councillor M J Msibi	172	754	926
Councillor H L Thwala	52	745	796
Total councillors arrear consumer accounts	<u>4 512</u>	<u>139 272</u>	<u>143 784</u>

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	
	R	R	
Section 124 of the Muinicipal Finance Management Act No. 56 of 2003 Councillor's arrear consumer accounts (cont.)			
	Less than 90 Days	90 Days and +	Total
The following Councillors had arrear consumer accounts as at : 30 June 2011			
Councillor J A Mkhonto	209	24 680	24 890
Councillor S N Nyalunga	322	19 393	19 715
Councillor B A Zulu	459	14 429	14 889
Councillor S R Mabuza	152	15 591	15 743
Councillor M S Magagula	885	13 172	14 057
Councillor V V V Nkosi	127	8 980	9 107
Councillor B N Mdluli	288	7 249	7 537
Councillor A Kumba	385	6 907	7 292
Councillor K E Maziya	15	2 878	2 894
Councillor T G Mabuza	87	1 936	2 023
Councillor H L Thwala	79	442	521
Councillor N W Motubatse	477	44 757	45 233
Councillor V L Nzimande	208	17 844	18 052
Councillor T C Simelane	144	9 678	9 822
Total councillors arrear consumer accounts	3 837	187 936	191 773

Section 36 of the Supply Chain Management Regulations
Deviations from Supply Chain Management Policy

Total deviations from Supply Chain Management	27 414 650	25 958 892
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Refer to Appendix E for details of the deviations

45 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

Approved and contracted for	166 596 275	197 427 656
Infrastructure	135 191 872	179 925 671
Community	27 950 240	11 308 362
Other	3 454 163	6 193 623
The expenditure will be financed from	166 596 275	197 427 656
Accumulated Surplus	47 149 594	57 874 278
External Loans	37 024 604	65 891 372
Government Grants	82 422 077	73 662 005

46 RELATED PARTIES

Members of key management and the remuneration thereof are set out in Note 29.

The remuneration of councillors and other in-kind benefits is set out in Note 30.

The Municipality has an interest in Mbombela Economic Development Agency (MEDA), which is a dormant Section 21 Company.

Related party balances

There is no related party indebtedness.

Related party transactions

Contracts awarded to the Employees of the State	-	-
Contracts awarded to own Employees	173 115	102 250
	173 115	102 250

Refer to note 41 regarding UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Municipality has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout the Annual Financial Statements.

Credit risk

Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations. Financial assets exposed to credit risk at year end were as follows:

- Consumer and other receivables
- Investments
- Loans receivable
- Cash and cash equivalents

Consumer and other receivables

The Municipality's consumer and other receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of consumer and other receivables. No consumer or other receivables have been pledged as security. Certain consumer and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the consumer and other receivables have been re-negotiated with counterparties.

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Loans receivable

Other loans are monitored on an ongoing basis and only credit worthy counterparties are transacted with. No loans have been pledged as security. Certain loans that are past due have been defaulted on by counterparties, thus legal action has been taken in certain circumstances against the counterparties in an attempt to recover the loan. When loans become irrecoverable they are written off. No conditions or terms of the loans have been re-negotiated with counterparties.

Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

	2012	2011
	R	R
Maximum exposure to credit risk at reporting date was:		
Held-to-maturity investments	13 633 348	22 596 796
Cash and cash equivalents	35 792 008	15 773 122
Total maximum exposure to credit risk (excluding loans and receivables)	49 425 356	38 369 918

Maximum exposure to credit risk at reporting date for loans and receivables as per counter parties was:

Consumer debtors and other receivables	79 700 885	72 164 674
Other receivables	10 071 171	15 057 577
Total maximum exposure to credit risk for loans and receivables	89 772 056	87 222 251

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Impairment losses

All of the Municipality's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be impaired and a provision of **R 315 285 415** (2011: R 286 276 111) has been recorded accordingly. The impaired consumer receivables are mostly due from consumers defaulting on service costs levied by the Municipality. Refer to Note 3 for the impairment reconciliation of consumer and other receivables.

Some of the unimpaired consumer receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2012	2011
	R	R
Not more than 180 days	45 658 857	40 467 628
More than 180 days but not more than 1080 days	132 694 221	128 303 332
More than 1080 days	136 932 337	117 505 151
	315 285 415	286 276 111

The ageing of impaired consumer receivables at reporting date was as follows:

	2012	2011
	R	R
Not more than 180 days	55 363 845	8 992 990
More than 180 days but not more than 1080 days	-	-
More than 1080 days	-	-
	55 363 845	8 992 990

Market risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings.

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continue)

At reporting date the interest rate profile of the Municipality's interest bearing financial instruments was:

Fixed rate instruments

Financial assets	139 197 312	125 592 169
Financial liabilities	402 486 396	352 469 437

Variable rate instruments

Financial assets	-	-
Financial liabilities	-	-

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
48 CONTINGENT LIABILITIES		
	R	
Damage Claims	587 563	
- Prollius F B / Mbombela Local Municipality (MLM) - A defamation claim against the municipality and certain employees (vicarious liability). Council is contesting the claim based on legal advice. A court date has been set for 14 November 2012. (2011: R 100 000)	100 000	
- Tshisaphungo T / Mbombela Local Municipality (MLM) - An unlawful arrest, detention and malicious prosecution by MLM traffic officers. Council is contesting the claim based on legal advice. A court date has not been set. There are no merits to the claim. (2011: R 200 000)	200 000	
- Cooper G / Mbombela Local Municipality - An unlawful arrest and detention of a road user. Council is contesting the claim based on legal advice. A court date for the hearing has not been set. There are reasonable prospects of MLM succeeding with its defence.	200 000	
- Telkom SA / Mbombela Local Municipality - A damage claim for a cable is made by the telecommunications company. The matter is being defended through an independent legal advice and there are reasonable prospects of MLM succeeding with its defence. A court date has not been set.	87 563	
Contract Claims	37 192 522	
- Ensemble Trading 546 LTD / Mbombela Local Municipality (MLM) - A procurement dispute – claim emanates from a cession of payment agreement which was not honoured by MLM. Council is contesting the claim based on legal advice. A court date has not been set. (2011: R 2 540 043)	2 540 043	
- SCINFIN (PTY) LTD / Mbombela Local Municipality (MLM) - Procurement dispute – claim emanates from termination of a service contract between Council and Gestetner, which was ceded to SCINFIN. Council is contesting the claim based on legal advice. A court date has not been set. (2011: R 535 358)	535 358	
- Basil Read (PTY) LTD / Mbombela Local Municipality (MLM) - Council is being sued for operational expenses incurred, goods delivered and services rendered. Council is contesting the claim based on legal advice. A court date has not been set.	768 506	
- Department of Water Affairs / Mbombela Local Municipality - Unilaterally amended agreement for the provision of free raw water for 6 years period within the Niskazi/ Kanyamazane area. (2011: R 7 068 716)	11 510 110	
- BOTMAC Mbombela (PTY) LTD / Mbombela Local Municipality (MLM) - Installation, use and maintenance of portable and stationary speed/red light cameras, scanning and collection service. (2011: R 19 788 505)	19 788 505	
- R K Phelembe / Minister of Police and Mbombela Local Municipality (MLM) - High Court summons - unlawful arrest and defamation. (2011: R 2 050 000)	2 050 000	
Total Contingent Liabilities	37 780 085	
49 CONTINGENT ASSETS		
Contract Claims	10 734 119	
- Du Toit Smuts and Mathews Phosa Attorneys - Breach of contract for guarantees not sustained. (2011: R 1 135 463)	1 135 463	
- Aurecon - Council is claiming for recovery of funds paid to a contractor on breach of contract for the scope not included in the contract for a bus route project. (2011: R 2 598 656)	2 598 656	
- Desert Wind Properties - Council is claiming for recovery of service contribution and breach of contract (2011: R 7 000 000)	7 000 000	
Total Contingent Assets	10 734 119	

* MLM = Mbombela Local Municipality

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
50 COMPARISON WITH THE BUDGET		
Actual Amount on comparable basis as presented in the Budget and Actual Comparative Statement		
Explanation of significant variances greater than 10%		
Revenue:		
Investment Revenue		
The variance is as a result of the discounting of creditors in terms of IAS 39 - to determine the net present value as at 30 June 2012 - this results in a non-financial interest revenue		
Transfers Recognised - Operational		
This is as a result of the basis differences due to projects which are budgeted for under the capital budget and upon capitalisation the asset recognition criteria in accordance with GRAP 17 is not met. The expenditure is then expensed and operational revenue is realised to the Statement of Financial Performance.		
Other Own Revenue		
The variance is as a result of the basis differences. The total amount to be collected is budgeted for hence for financial reporting purposes, only the agency commission (fee) can be recognised as revenue.		
Expenditure:		
Depreciation and Asset Impairment		
The variance is as a result of the continuous update and maintenance of the asset register to comply with the GRAP 17 accounting standard. Council has approved the over expenditure at its meeting held 24 August 2012.		
Finance Charges		
The variance is as a result of the actuarial valuation for the long service awards and post retirement medical benefits and also the unwinding of discounting for the rehabilitation of landfill sites.		
Statement of Financial Position:		
Current liabilities		
The variance is as a result of the increase of unspent conditional grants and trade and other payables from exchange transactions. The trade and other payables is due to the unfavourable cashflow position being experienced by the municipality.		
Non-current liabilities		
The variance is due to the basis differences as a result of the provision for the rehabilitation of the landfill site and the actuarial valuation of the post retirement medical benefits liability in accordance with IAS 19.		
51 POST BALANCE SHEET EVENTS		
- There were unknown indicative and/ or non indicative facts or circumstances that have occurred between the reporting date and the date of these annual financial statements.		

MBOMBELA LOCAL MUNICIPALITY
SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX A

SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2012

Borrowings	Loan No.	Redeemable	Balance at 30 June 2011	Interest paid during the period	Interest accrued during the period (Not Paid)	Received during the period	Redeemed or written off during the period	Balance at 30 June 2012
			R	R		R	R	R
INTEREST BEARING								
Local Registered Stock								
Stock Loan@ 11.60%	3	1976/2001	3 000	-		-	-	3 000
			3 000	-		-	-	3 000
Annuity Loans								
ABSA R14 350 000 @13.10%		2002/2012	3 140 238	277 648	-	-	2 303 212	837 026
DBSA R22 000 000 @15.50%		1998/2016	14 942 817	2 168 129	-68 504	-	1 816 505	13 057 808
DBSA R200 000 000 @ 12.62%		2010/2030	152 401 979	9 344 384	9 005 024	28 418 310	4 169 089	185 656 224
STD R25 000 000 @ 10.50%		2005/2020	18 345 552	1 047 983.00	970 665	-	594 080	18 722 137
			188 830 586	12 838 144	9 907 185	28 418 310	8 882 886	218 273 195
TOTAL INTEREST BEARING BORROWINGS			188 833 586	12 838 144	9 907 185	28 418 310	8 882 886	218 276 195

MBOMBELA LOCAL MUNICIPALITY
SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

HISTORICAL COST									ACCUMULATED DEPRECIATION									
Opening Balance 01 July 2011	Correction of error	Transfers	Additions/ Transfers	Under Construction	Correction of error	Disposals		Closing Balance 30 June 2012	Opening Balance 01 July 2011	Correction of error	Transfers	Additions/ Transfers	Correction of error	Transfers	Disposals	Impairment losses	Closing Balance 30 June 2012	Carrying Value
R			R	R				R	R			R			R	R	R	R
611 920 558	-	-	11 968 294	4 192 538				628 081 389	45 653 244	-	-	5 595 160	-	-	-	-	51 248 404	576 832 985
572 595 410	-	-	2 577 936	2 741 638				577 914 984	42 962 430	-	-	4 997 024	-	-	-	-	47 959 454	529 955 529
39 325 148	-	-	9 390 357	1 450 900				50 166 405	2 690 813	-	-	598 136	-	-	-	-	3 288 949	46 877 456
4 102 946 518	-	-	31 372 975	126 281 724				4 260 601 217	860 925 617	-	-	190 581 998	-	-	-	-	1 051 507 614	3 209 093 603
1 593 481 472	-	-	20 440 181	54 722 252				1 668 643 905	440 186 570	-	-	106 540 213	-	-	-	-	546 726 783	1 121 917 122
1 284 022 927	-	-	4 130 953	39 122 851				1 327 276 731	252 935 788	-	-	37 197 465	-	-	-	-	290 133 253	1 037 143 478
	-	-	-	-				-	-	-	-	-	-	-	-	-	-	-
559 376 475	-	-	-	22 535 527				581 912 002	84 255 266	-	-	20 394 313	-	-	-	-	104 649 579	477 262 422
666 065 645	-	-	6 801 841	9 901 094				682 768 580	83 547 992	-	-	26 450 007	-	-	-	-	109 997 999	572 770 580
	-	-	-	-				-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-				-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-				-	-	-	-	-	-	-	-	-	-	-
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	HISTORICAL COST									ACCUMULATED DEPRECIATION									Carrying Value
	Opening Balance 01 July 2010	Correction of error	Transfers	Additions/ Transfers	Under Construction	Correction of error	Transfers	Disposals	Closing Balance 30 June 2011	Opening Balance 01 July 2010	Correction of error	Transfers	Additions/ Transfers	Correction of error	Transfers	Disposals	Impairment losses	Closing Balance 30 June 2011	
	R			R	R		R		R	R			R		R	R		R	
LAND AND BUILDINGS	604 275 060			7 512 371	1 048 717		-	915 590	611 920 558	40 326 950			5 326 294				-	45 653 244	566 267 314
Civic land & buildings and other	572 462 283			-	1 048 717		-	915 590	572 595 410	38 152 782			4 809 648				-	42 962 430	529 632 960
Land fill site	31 812 777			7 512 371	-		-	-	39 325 148	2 174 167			516 646				-	2 690 813	36 634 335
INFRASTRUCTURE	3 856 749 625			73 018 983	173 177 910		-	4 102 946 518	674 949 530	(562 755)			196 638 842				-	860 925 617	3 242 620 902
Roads, pavements, bridges & stormwater	1 531 714 560			10 446 222	51 320 860		-	1 583 481 472	332 460 217				107 726 353				-	440 166 570	1 153 294 802
Water reservoirs & reticulation	1 190 097 725			10 422 401	83 502 801		-	1 284 022 927	217 065 377				35 970 411				-	252 935 788	1 031 087 139
Car parks, bus terminals & taxi ranks							-										-		-
Electricity	506 370 515			20 984 561	32 021 589		-	559 376 475	65 129 187			(127 529)	19 253 608				-	84 255 266	475 121 209
Sewerage purification & reticulation	628 566 796			31 165 999	6 332 850		-	666 065 645	60 194 748			(435 226)	23 788 470				-	83 547 992	582 517 653
Housing	-			-	-		-	-	-				-				-	-	-
Street lighting	-			-	-		-	-	-				-				-	-	-
Refuse sites	-			-	-		-	-	-				-				-	-	-
Other (town planning & development)	-			-	-		-	-	-				-				-	-	-
COMMUNITY ASSETS	1 333 197 301	8 796 562.00		13 180 949	2 662 969		-	1 357 837 781	14 463 721				74 562 594				-	89 026 315	1 268 811 466
Parks & gardens	33 316 257			-	-		-	33 316 257	501 694				65 967				-	567 661	32 748 596
Sports fields	1 262 978 025			13 180 949	-		-	1 276 158 974	8 681 960				73 492 886				-	82 174 846	1 193 984 126
Community halls	20 297 491	5 340 000.00		-	2 662 969		-	28 300 460	3 007 416				676 145				-	24 616 899	24 616 899
Libraries	2 467 485	3 456 562.00		-	-		-	5 924 047	394 096				98 232				-	492 328	5 431 719
Recreational facilities	-			-	-		-	-	-				-				-	-	-
Clinics	517 625			-	-		-	517 625	233 301				26 045				-	259 346	258 279
Museums & art galleries	-			-	-		-	-	-				-				-	-	-
Cementaries	13 620 418			-	-		-	13 620 418	1 645 254				203 319				-	1 848 573	11 771 845
INVESTMENT PROPERTIES	410 639 325	-48 560 000.00						362 079 325	6 198 095				2 968 300				-	9 166 395	352 912 930
INTANGIBLES	6 735 524			3 066 222	1 913 737		-	11 715 483	3 889 791				222 296				-	4 112 087	7 603 396
Software and other	4 721 615			489 563	1 913 737		-	7 124 915	3 889 791				222 296				-	4 112 087	3 012 826
Servitudes	2 013 909			2 576 659	-		-	4 590 568	-				-				-	-	4 590 568
BIOLOGICAL ASSET	-							-	-				-				-	-	-
OTHER ASSETS	148 330 080	535 368.00		14 065 963	-		-	162 931 411	60 217 052				11 666 939				-	71 883 991	91 047 420
Other motor vehicles	82 729 348			6 577 276	-		-	89 306 624	26 771 127				7 397 807				-	34 168 934	55 137 690
Plant & equipment	-			-	-		-	-	-				-				-	-	-
Office equipment	22 762 660	535 368.00		2 579 939	-		-	25 877 967	14 220 799				1 146 915				-	15 367 714	10 510 253
Markets	272 496			-	-		-	272 496	53 568				8 955				-	62 523	209 973
Security measures (including fencing)	387 955			-	-		-	387 955	383 139				-				-	383 139	4 816
Other (including IT)	42 177 621			4 908 748	-		-	47 086 369	18 788 419				3 113 262				-	21 901 681	25 184 688
	-			-	-		-	-	-				-				-	-	-
	-			-	-		-	-	-				-				-	-	-
SPECIALISED VEHICLES	30 264 341			9 674 075	-		-	39 938 416	5 213 963				2 466 656				-	7 680 619	32 257 797
Refuse	14 661 554			-	-		-	14 661 554	1 608 569				1 608 569				-	5 325 199	9 336 355
Conservancy	4 381 066			-	-		-	4 381 066	1 021 317				386 665				-	1 407 982	2 973 084
Fire	11 221 721			9 674 075	-		-	20 895 796	476 016				471 422				-	947 438	19 948 358
SUB TOTAL	6 390 191 256	-39 228 070.00		120 518 563	178 803 333		-	915 590	6 649 369 492	805 159 102			283 851 921				-	1 088 448 268	5 560 921 224
Leased Assets	444 086			-	-		-	444 086	86 350				148 029				-	234 379	209 707
Office equipment	444 086			-	-		-	444 086	86 350				148 029				-	234 379	209 707
TOTAL	6 390 635 342	-39 228 070.00		120 518 563	178 803 333		-	915 590	6 649 813 578	805 245 452			283 999 950				-	1 088 682 647	5 561 130 930

MBOMBELA LOCAL MUNICIPALITY

SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX C

ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	Explanations of significant variances greater than 10% versus budget
Finance & Administration	11 016 843	4 155 638	15 172 481	33 052 699	17 880 218	54.10%	
Planning and Development	1 372 749		1 372 749	4 013 980	2 641 231	65.80%	
Community and Social Services	13 229 374	2 836 011	16 065 385	20 618 202	4 552 817	22.08%	
Public Safety	5 631 534		5 631 534	8 024 978	2 393 444	29.82%	
Sports and Recreational		133 612	133 612	1 100 000	966 388	87.85%	
Waste Management	6 801 841	9 901 094	16 702 935	41 296 873	24 593 938	59.55%	
Roads Transport	46 963 434	28 198 998	75 162 433	171 968 019	96 805 586	56.29%	
Water	3 085 715	39 122 851	42 208 566	99 715 539	57 506 973	57.67%	
Electricity		22 535 527	22 535 527	34 401 628	11 866 101	34.49%	
			-		-		
TOTAL	88 101 490	106 883 731	194 985 220	414 191 918	219 206 698	52.92%	

MBOMBELA LOCAL MUNICIPALITY

SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

2011 ACTUAL INCOME R	2011 ACTUAL EXPENDITURE R	2011 SURPLUS / (DEFICIT) R		2012 ACTUAL INCOME R	2012 ACTUAL EXPENDITURE R	2012 SURPLUS / (DEFICIT) R
24 554	24 743 529	(24 718 975)	Executive & Council	116 708	27 474 130	(27 357 421)
492 729 506	240 053 508	247 391 866	Finance & Admin	576 624 060	275 571 691	301 052 369
5 384 009	55 389 135	(50 005 126)	Planning & Development	2 222 466	48 787 637	(46 565 171)
369 191	7 832 222	(7 463 031)	Health	381 199	9 511 998	(9 130 799)
833 226	43 566 413	(42 733 187)	Community & Social Services	710 568	40 774 220	(40 063 652)
25 075 191	63 749 102	(38 673 911)	Public Safety	3 292 538	57 742 313	(54 449 775)
50 563 178	155 630 197	(114 398 948)	Sport & Recreation	10 637 625	148 482 946	(137 845 321)
		-	Environmental Protection	-	489 478	(489 478)
46 063 440	97 195 220	(51 131 780)	Waste Management	52 873 322	116 487 035	(63 613 713)
71 518 832	192 624 885	(121 541 279)	Road Transport	134 312 945	237 521 596	(103 208 651)
52 202 743	113 984 920	(61 782 177)	Waste Water (Sewerage)	50 942 538	67 428 734	(16 486 196)
85 058 744	99 909 617	(14 954 619)	Water	65 351 290	171 102 761	(105 751 471)
414 587 887	366 240 254	74 888 406	Electricity	510 427 410	457 662 006	52 765 404
1 244 410 501	1 460 919 003	(216 508 501)	Sub-Total	1 407 892 669	1 659 036 544	(251 143 875)
5 125 757	-	5 125 757	Gain/(Loss) on sale of assets	-	2 497 300	(2 497 300)
1 249 536 258	1 460 919 003	(211 382 744)	Total	1 407 892 669	1 661 533 844	(253 641 175)

MBOMBELA LOCAL MUNICIPALITY

SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
RR Travel	-	201 095	-	201 095
4 Wheeler t/a Mbombela plant	-	-	2 025	2 025
A.J Broom Road Products cc	-	-	122 704	122 704
A.L Spinney Trading CC	-	-	2 500	2 500
Abakwanvuleni Trading CC	-	-	32 250	32 250
ABS International (Pty) LTD	-	-	44 400	44 400
Actom Nelspruit (Pty) LTD	-	-	446 524	446 524
Adrian Labuschagne Land Surveyors	-	-	20 862	20 862
Agri Operation LTD	-	-	2 899	2 899
Aim Training Academy	-	-	32 701	32 701
Air Liquide (PTY) LTD	1 188	551	1 197	2 936
All Golf Group	-	-	20 174	20 174
Alphata Mbuso Trading CC	-	-	3 180	3 180
Altec Auto Electrical	-	-	3 444	3 444
Alu CAD Design cc	-	-	48 588	48 588
Amadwala Trading 793 CC	-	-	10 300	10 300
Amber Cascades Trading CC	-	-	850	850
Amber Electrical CC	-	-	105 455	105 455
AMEU (Pty) LTD	-	-	6 240	6 240
Anjusign Pty Ltd t/a Qprint	-	-	87 313	87 313
Aoc Geomatics (Pty)Ltd	-	696 277	-	696 277
ARB Electrical Wholesalers	-	-	56 772	56 772
Armco (Pty) LTD	-	-	4 494	4 494
Asongeni Build It	-	-	42 648	42 648
ASW Andre Steel & Welding	-	-	12 369	12 369
Atlas Plastics (Pty) LTD	-	-	24 122	24 122
Avusa Media Limited	-	-	481 839	481 839
Babcock Equipment	-	-	12 470	12 470
Bamal Trading cc	-	-	29 000	29 000
Bambata pumbs (pty) ltd	-	-	134 907	134 907
Barbous Trading cc	-	-	2 400	2 400
Barloworld Equipment	-	-	121 764	121 764
Barprint (Pty) LTD	-	-	8 881	8 881
Barry theron electronics t/a electronics design	-	-	7 809	7 809
Battery Centre	-	-	648	648
Beckers Electrical CC	-	-	83 142	83 142
Bedlocks Trading CC	-	-	3 750	3 750
Bell Equipment	6 962	-	342 139	349 101
Bently sustaining infrastructure	-	22 360	-	22 360
Berco Express (Pty) Ltd	-	-	7 906	7 906
Bhosima Electrical & Construction	-	-	674 811	674 811
Big O Trading	-	-	149 306	149 306
Birchwood Hotel	-	-	2 502	2 502
Black Brother Production	-	-	4 300	4 300
Bobs Trading and Construction CC	2 850	-	2 850	5 700
Bokile construction and projects	-	-	17 784	17 784
Bongiskhumbuzo Trading CC	-	-	33 092	33 092
Bowcom (Pty) LTD	-	-	97 856	97 856
Brondal Group	-	-	38 810	38 810
Budget Van and truck rental	-	-	48 114	48 114
Bulk main Northern region (SA Post Office)	-	167 365	-	167 365
Bundu Country Lodge	-	-	8 250	8 250
Business Presentation skills	-	-	7 011	7 011
C.J Hatting & Sons cc	-	-	53 149	53 149
Cam Track (Pty) LTD	-	-	80 370	80 370
Canon Masakhane	-	-	8 972	8 972
Cater Provider Trading CC	-	-	5 130	5 130
Cedzabutongo Trading CC	6 800	-	-	6 800
Changel Construction CC	-	-	12 551	12 551
Chaos Mash Trading CC	13 242	-	23 034	36 276
Chem-tec chemical services CC	-	-	530	530
Ck Plumbing and general suppliers	-	-	46 103	46 103
Clifford Technical Services CC	-	-	32 775	32 775
Computer Foundation	-	-	18 000	18 000
Conway general supplier	-	-	6 866	6 866
Compass Game Park services	-	-	16 000	16 000
Costa do sol restaurant	2 260	-	173 981	176 241
Coth Trade 041 cc t/a SNF Suppliers	-	-	82 718	82 718

MBOMBELA LOCAL MUNICIPALITY

SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Crane & Forestry Equipment	-	-	10 260	10 260
Crawleys locksmith	-	-	267 654	267 654
Cruse Bushclearing Enterprise cc	23 678	-	198 015	221 693
CV & Propshaft Exchange Services	-	-	22 258	22 258
Cyrus Projects CC	-	-	1 650	1 650
D & P Chemical Distributors T/A Winmar	-	-	35 742	35 742
D Mac Hydraulics & Engineering	3 575	-	505 070	508 645
Damelin Lowveld	-	-	17 984	17 984
Dawson & Dobson (pty)LTD	20 563	-	70 893	91 456
Deeds web	-	-	516	516
Defacto investment 130 (pty) Ltd T/A NELSPRUIT MI	-	-	2 080	2 080
Democracy Development Programme	-	3 000	-	3 000
DHL International (Pty) LTD	-	-	6 952	6 952
Diesel Electrical Services CC	-	-	25 862	25 862
Dikwerekwere Trading CC	-	-	16 400	16 400
Dlebenkomo Trading CC	-	-	4 600	4 600
Donsa Sawoti General Trading CC	-	-	7 500	7 500
Dr R.I Gangat	-	-	1 000	1 000
DT Shisela Trading CC	-	-	5 050	5 050
Du Toit Smuts & Mathews Phosa Attorneys	-	-	49 772	49 772
Dudu Chiloane	-	-	1 200	1 200
Eagle Owl Fencing CC	564	-	683	1 247
Earth 2 Earth CC	-	-	13 550	13 550
Eastern Transvaal Rubber Stamps CC	-	-	12 867	12 867
EFES trading enterprise	-	-	3 200	3 200
Electra Trading CC	-	-	5 620	5 620
Electrical C C	-	-	23 427	23 427
Electro Systems CC	74 207	-	109 402	183 609
Elester Kent Metering PTY LTD	-	-	196 342	196 342
Eliperty Trading Enterprise CC	-	-	2 200	2 200
Emaseko Lamastaftu	-	-	5 000	5 000
Exclusive Books	-	-	3 309	3 309
Farm City Nelspruit	-	-	3 589	3 589
Fecer Tree Nursery	-	-	2 149	2 149
Feelings & Thoughts	-	-	490	490
Felicide Trading	4 845	-	9 782	14 627
Fever Tree Nursery CC	-	-	29 960	29 960
Fintech	-	-	1 710	1 710
Fire Protection Association	-	-	5 535	5 535
Fleet Street Publication (Pty) Ltd	-	-	1 507	1 507
Forek Institute of Technology	-	-	23 750	23 750
Forms Media Independent Africa	-	-	128 261	128 261
Funchal Rest	-	-	7 921	7 921
Gallagher Electric fence	-	-	764	764
Garden Creation CC	-	-	7 700	7 700
Geoff Millar	-	-	4 240	4 240
Gijima Agriculture Supplier	-	-	8 400	8 400
Gimbers building construction	-	-	3 800	3 800
Global Africa Network	-	72 960	-	72 960
GM Sihlangu construction CC	2 500	-	6 800	9 300
GMHM Construction and project trading	-	-	1 800	1 800
Gold Bomber 7 trading CC	-	-	29 175	29 175
Grace Sikutu	-	-	800	800
Green Cross (Pty) LTD	-	-	6 808	6 808
Gunther Bush Clearing CC	-	-	79 253	79 253
GZX Business Enterprise	-	-	70 000	70 000
H20 International	-	-	285	285
Hamilton Hydraulic Services cc	-	-	4 710	4 710
Hasler Business Systems	-	50 485	-	50 485
He & She Driving School	-	-	17 226	17 226
Henque 2360 BK Nelspruit Crushers	-	-	93 081	93 081
Henque 3670 cc T/A JJ Hydraulics	-	-	3 179	3 179
Hi Tech Fertigation	-	-	19 660	19 660
Hi Tech Milnex 411cc	-	-	378	378
Hitachi Construction Machinery SA	-	-	36 343	36 343
Hlatshwayo R.P	-	-	1 600	1 600
Homer Neethling	5 000	-	1 175	6 175
Honda Nelspruit	2 947	-	25 011	27 958

MBOMBELA LOCAL MUNICIPALITY

SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Hotel Numbi & Garden	-	-	4 800	4 800
Humantech (Pty) LTD	-	-	33 000	33 000
Hydro Doors (Pty) LTD	5 114	-	-	5 114
Hydrolic & Engineer (Pty) LTD	-	-	1 083	1 083
Illuminate Trading CC	-	-	8 014	8 014
Imperial Lexus Nelspruit	3 159	-	63 291	66 450
Imsimbi Training	-	-	5 358	5 358
Imvelamphandla Trading cc	3 370	-	-	3 370
Indambi General Trading	37 460	-	11 420	48 880
Independent Newspaper (Pty) Ltd	-	-	2 639	2 639
Indumiso Amen glory general trading	-	-	8 340	8 340
Induna Power Products	-	-	8 330	8 330
Ingwenyama Confrence & Sport resort	-	-	97 215	97 215
Insikakho General Trading CC	-	-	5 350	5 350
Intelligence Transfer Centre CC	-	-	42 175	42 175
Intergrated Fire Security	-	-	6 940	6 940
Integrity Control System (Pty)LTD	-	-	4 931	4 931
Iphilile General Trading CC	-	-	206 907	206 907
Isu Lempilo Trading CC	-	-	24 500	24 500
IT Mokoena Trading CC	-	-	800	800
ITJ Import Trading CC	-	-	21 956	21 956
J&M Business security cc	9 301	-	111 965	121 266
J. Louis Van Rooy	-	-	33 060	33 060
James Fakude	-	-	5 500	5 500
Janny & Thembi Trading CC	-	-	29 788	29 788
Jetline Trading Sonpark	-	-	139 678	139 678
JJ Hydraulics CC	115	-	1 453	1 568
Johan Sauer Actuaries & Consultants	-	-	20 520	20 520
John Maytham Investment CC	-	-	96 572	96 572
JOJO Mhlanga Trading CC	-	-	7 640	7 640
JT Distributors	-	-	16 769	16 769
Juta and Company Ltd	-	418	-	418
Karino Concrete	-	-	72 414	72 414
Karino Wholesaler	-	-	8 052	8 052
Keils toilet hire and Enterprise	-	-	6 450	6 450
Kenfan Trading CC	11 920	-	13 650	25 570
Kgotso Edward Construction CC	3 900	-	-	3 900
Khaya LED	-	-	9 092	9 092
Kit Group Nelspruit Riverside	-	-	4 891	4 891
Kleenprint CC	-	-	8 101	8 101
Koketso Trading CC	-	-	9 197	9 197
Kokkie EE	-	-	5 000	5 000
Komatsu S.A	-	-	95 833	95 833
Kopizone digital print & copy	-	-	7 665	7 665
KPMG Service (PTY) LTD	-	-	31 304	31 304
Kruger-Moeletsi Attorneys	-	-	378 153	378 153
Kruger National Park	-	-	6 224	6 224
Kuhle Transport Services	4 537	-	6 887	11 425
L K Hydraulic services CC	-	-	4 055	4 055
L.M Trading CC	-	-	400	400
Labserve (Pty) LTD	-	11 066	8 789	19 855
Laeveld Bouhandelaars	-	-	1 421	1 421
Lakehore Trading 175 cc T/A Electro control	-	-	3 618	3 618
Landis & GYR (PTY)LTD	42 447	112 860	350 224	505 531
Laser market	-	-	4 154	4 154
Lawrence Likhuleni	-	-	832	832
Ledusa Trading Enterprise	26 750	-	-	26 750
Lenfik Trading CC	-	-	900	900
Lenzo Trading CC	-	-	4 902	4 902
Lethabo Transport for hire CC	-	-	1 960	1 960
LFP Agricultural & Construction Equipment	-	-	2 648	2 648
Lift + shift Nelspruit	-	-	540	540
Ligwalagwala fm	-	-	30 096	30 096
Lindi & Menzi Trading CC	-	-	12 900	12 900
Lindiwe General Maintanance	-	-	24 500	24 500
Lithotech sale Pretoria	-	-	20 734	20 734
Livewire Engineering & consultant	-	155 066	83 938	239 004
Liwinile General Mainatanance and construction	-	-	19 300	19 300

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APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
LMA Electrical CC	-	-	8 797	8 797
Loss Liquor store	-	-	10 318	10 318
Lowved Chamber of Business & Tourism	-	-	1 500	1 500
Lowveld & Escape fire protection association	-	67 518	-	67 518
Lowveld Brake Tading CC	13 011	-	-	13 011
Lowveld Electrical Trading CC	-	-	88 493	88 493
Lowveld Garage Equipment	2 867	-	1 155	4 022
Lowveld Lifesaving club	-	1 800	-	1 800
Lowveld Maintenance and Plumbers CC	8 607	-	31 390	39 997
Lowveld Media (MP news & Lowvelder)	-	-	822 219	822 219
Lowveld Office Automation (Pty) Ltd	-	1 383	-	1 383
Lowveld ready mix	-	-	26 283	26 283
Lukhaya Security Services	-	-	28 800	28 800
Lwandle Lethu Trading Enterprise	-	-	13 201	13 201
M J Sibiya Construction	-	-	250	250
M.Q Maripane S.A Sign Language interpreter	-	-	4 000	4 000
MA IF Trading CC	-	117 751	236 100	353 851
Maagy's Trading CC	-	-	6 400	6 400
Mabhelengwane Trading CC	-	-	14 167	14 167
Mabuza and Sons Trading CC	-	-	14 050	14 050
Macbeth Ncongwane Attorneys	-	-	259 201	259 201
Madman Trading CC	-	-	10 000	10 000
Mafundo Status Trading CC	-	-	8 250	8 250
Magobheni Trading CC	-	-	2 200	2 200
Mahiya Trading CC	-	-	6 230	6 230
Mahlasedi Trading CC	-	-	4 449	4 449
Makheti's Trading CC	-	-	74 556	74 556
Malindza Trading Enterprise CC	13 950	-	59 350	73 300
Maliwavela Trading CC	9 097	-	-	9 097
Mandla Nhlapho	-	-	2 400	2 400
Mapondo Status Trading CC	-	-	4 400	4 400
Marce Marketing t/a Marce fire fighting Technology	-	6 272	51 194	57 467
Marks Plumbing CC	935	-	2 541	3 476
Marumo Fatsi Trading CC	-	-	3 600	3 600
Marwin Trading Enterprise CC	6 165	-	-	6 165
Maseko B Lucas Professional Accountant	-	-	352 804	352 804
Mashmas General Trading CC	-	-	24 057	24 057
Masikhane Civic Construction CC	6 000	-	-	6 000
Masinyamise Trading CC	-	-	2 840	2 840
Masireni Trading CC	-	-	2 100	2 100
Mavuthela Womans Construction CC	20 190	-	-	20 190
Maxflow Irrigation CC	-	-	4 030	4 030
Maxluck Business Solution	-	74 694	70 900	145 594
Mazundu Security	3 200	-	-	3 200
Matjeya Bricks And Construction CC	-	-	38 688	38 688
Mculu Incorporate	-	-	83 338	83 338
Mdlavuzza Trading Enterprise	3 100	-	8 350	11 450
Mdwane Trading CC	11 480	-	-	11 480
Mdzabula Business Project	-	-	1 650	1 650
Mega Hydraulics	-	-	5 943	5 943
Mega Repairs and Trading CC	-	-	1 250	1 250
Menaba Development CC	-	-	49 248	49 248
Merlin Gerin SA	-	-	60 021	60 021
MG Nkosi	-	-	1 000	1 000
Mgomezulu & Cohn Recruitment ,placement & training	-	-	228 000	228 000
Mgwangwa's sound and audio visual and projects	12 538	-	3 655	16 193
Mhlengwa Transport CC	-	-	125 083	125 083
Mica Nelspruit	-	-	1 599	1 599
Milton sibusiso shongwe	-	-	400	400
Minatlou Trading 205 CC	-	-	2 800	2 800
Minuteman Press	-	-	15 873	15 873
Mjambula Construction CC	-	-	10 000	10 000
Mlambo Mbuyane Trading CC	-	-	900	900
Mlimi M.W	-	-	450	450
Mlotana Business Enterprise	-	-	1 800	1 800
Mnisi S.	-	-	400	400
Mnoluzi Electrical CC	-	-	23 114	23 114
Model Electric (Pty) Ltd	4 959	-	5 472	10 431

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SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Mondlane Daniel J	-	-	832	832
Mozmas Trading CC	21 207	-	-	21 207
Mphakatsi Electrical cc	-	-	18 150	18 150
Mphenyatsatsi Suppliers and Projects cc	19 500	-	-	19 500
Mpumalanga Cold Mix	-	-	20 520	20 520
Mpumalanga Copiers	-	-	10 066	10 066
Mpumalanga Performance Arts Laboratory	-	-	29 600	29 600
MR I.T Brown (photo shot)	-	-	2 160	2 160
Mr Robert Iekhuleni	-	-	400	400
Mshabile Trading CC	-	-	800	800
Mshengu Mabuza Investment CC	-	-	850	850
Msindazwe Project Management	-	-	6 840	6 840
Msogwaba Traditional council	-	-	10 000	10 000
Multichoice acc	-	6 508	-	6 508
Mumalanga province Aquastic	-	29 936	-	29 936
Murariko Arts and culture project	-	-	32 100	32 100
Mutla Trading CC	12 486	-	-	12 486
Mvelobantu Trading CC	-	-	241 231	241 231
My Office Trading	-	-	10 279	10 279
Mdzabuko Investments (Pty) Ltd	-	-	4 100	4 100
MZL CT Trading CC	2 300	-	-	2 300
Mzombath General Trading CC	-	-	21 000	21 000
N.A Nkosi	-	-	1 600	1 600
Nandos Hazyview	-	-	658	658
Nashua Lowveld	-	2 902	14 470	17 372
National Circulation	-	2 619	896	3 515
NBH Springs	5 352	-	-	5 352
Ncetshe Construction cc	12 184	-	18 063	30 247
Nel signs	-	-	1 125	1 125
Nel Trophies cc	-	-	47 292	47 292
Nelspruit Auto Electrical	22 600	-	178 931	201 531
Nelspruit Battery Warehouse	-	-	21 600	21 600
Nelspruit Brake & Clutch	582	-	-	582
Nelspruit Crushers	-	-	11 496	11 496
Nelspruit Fuel Injection & Auto Electrical	3 845	-	12 032	15 877
Nelspruit Mica home ware house	-	-	2 980	2 980
Nelspruit Radiators	-	-	1 060	1 060
Nelspruit Rugby Stadium	-	-	25 000	25 000
Nelspruit Vehicle Protection Services	-	-	1 140	1 140
Network Occupational Health Services	-	-	80 199	80 199
Ngamane Construction	-	-	15 920	15 920
Ngobe-Nkosi Attorneys	-	-	229 516	229 516
Nguluzana Investment	8 650	-	-	8 650
Ngwenyama G.X	-	-	1 600	1 600
Nhlasa Trading CC	-	-	2 900	2 900
Nigel Fernsby	-	-	1 835	1 835
Nkosi Attorney & Associates	-	-	23 598	23 598
Nmankayi Consulting	4 788	-	-	4 788
Nola Trading Company	-	-	2 340	2 340
Nombuso communication	-	-	111 900	111 900
Nortech International	-	-	28 542	28 542
NOSA (Pty) LTD	-	-	57 658	57 658
Noshcom 2011	-	-	21 432	21 432
Nothesa Manufacturing	-	-	3 115	3 115
Novon (Pty) LTD	-	-	6 840	6 840
NPV Services	-	-	2 109	2 109
Ntabiseng Trading CC	-	-	4 881	4 881
Numbi Motors Pty Ltd	17 677	-	19 269	36 945
Olrac SPS Africa	-	-	8 273	8 273
Optimistic Skill Trading	2 790	-	26 700	29 490
Opto Africa (Pty) LTD	-	-	21 184	21 184
Orange Restaurant	-	-	1 305	1 305
Orion Property Holding Trust	-	-	12 398	12 398
OTIS Elevators	-	-	41 895	41 895
P.P.E Technologies	2 223	-	-	2 223
Pabx adaptor and installation	-	-	5 161	5 161
Panasonic (Pty) LTD	-	-	14 355	14 355
Paulen Logistics (Pty) LTD	4 145	-	-	4 145

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SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Pay Day software system (Pty) LTD	-	11 731	16 005	27 736
P.C . Smit Pompe	111 173	-	483 922	595 095
Pengy construction CC	-	-	169 429	169 429
Pest x-Perts CC	-	-	3 192	3 192
Pevecoat Social Consulted & Event	-	-	24 000	24 000
Philip Meyer Attorneys	-	-	29 925	29 925
Philix and Sun Trading CC	40 437	-	15 990	56 427
Photopro (Pty) LTD	-	-	1 650	1 650
Picto Busby (Pty) LTD	-	-	27 753	27 753
Pirtek (Pty) LTD	-	-	926	926
Plumbing Lady Trading CC	111 730	-	145 804	257 534
Polvin Event Management	-	-	25 382	25 382
Pool Creations & Renovations CC	-	-	7 377	7 377
Power Man (Pty) LTD	-	-	1 928	1 928
Powerman sale CC	-	-	13 903	13 903
Premier Conferencing	-	-	18 126	18 126
Prodiba PTY LTD	-	4 215	-	4 215
Prosound (Pty) Ltd	-	-	36 872	36 872
Protea Hotel Manor	-	-	3 889	3 889
Protea Tyres Truck Den (Pty) Ltd	29 120	-	26 996	56 117
Pulse Electronics	-	-	16 710	16 710
Purple moss Trading CC	-	-	9 488	9 488
Quanu Trading CC	-	-	7 520	7 520
Quick Fit Electrical CC	141 208	-	722 995	864 203
Quick Focus Trading Int.	-	-	27 850	27 850
R& R Performance Exhaust and maintainance	-	-	12 370	12 370
Regenesys Business school	-	-	39 000	39 000
Reginald Hlatshwayo	-	-	2 000	2 000
Registrar of Deeds	-	-	234	234
Rephos Trading CC	-	-	1 000	1 000
Reptile Recovery	-	-	3 300	3 300
Rieba Clothing Trading	-	-	16 665	16 665
Richdad Trading	-	-	114 108	114 108
Richman Poorman	-	-	33 600	33 600
Ridds Aqua center (pty)ltd	-	-	16 313	16 313
Rising Sun Field Services and Maintenance	342	-	5 301	5 643
Ristar Lowveld Telephone system	-	2 234	2 624	4 858
Riverside Panel Beaters	-	-	11 628	11 628
Rodney Hofmann Cons	-	47 520	-	47 520
Ronnie Swart	-	-	4 000	4 000
Ronny Hoffman Consultant	-	-	47 520	47 520
Rose & crown guest lodge	-	-	10 625	10 625
RSH Specixlity Chemicals	-	-	9 690	9 690
Rufwil Electrical	-	-	3 048	3 048
SABC Group sales & marketing	-	-	115 960	115 960
SADEC	-	-	36 833	36 833
Safet Media (PTY) Ltd	-	-	4 252	4 252
Safety access	1 700	-	3 325	5 025
Sarahomes construction	-	-	6 384	6 384
Satchtech System	-	-	6 280	6 280
Saw worx	-	-	40 326	40 326
SB Stander TA Pohls Panelsbeater	2 500	-	-	2 500
Schnereler Elach services & project	-	-	95 753	95 753
Screen-Rite	-	-	1 741	1 741
Sicede Trading CC	-	-	13 500	13 500
Sesanele Catering and project CC	-	-	11 900	11 900
Sew Eurodrive	-	-	154 960	154 960
Shabangu Mishack	-	-	800	800
Shabangu Transport	-	-	9 600	9 600
Sharmed waste management	-	1 797	5 203	7 001
Sibusiso Hlatshwayo	-	-	800	800
Sign Language Interpreter Gugu	-	-	4 000	4 000
Sikhukhula Trading Enterprice CC	-	-	3 650	3 650
Sikilibhi semaDube General Transport, tour & cars	-	-	7 500	7 500
Silinda Mokoena Attorneys	-	-	444 825	444 825
Silver Star Trading CC	-	-	20 503	20 503
Sinelitsemba Trading CC	-	-	26 000	26 000
Sinonke Trading CC	-	-	53 000	53 000

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SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Sipho's Irrigation System and Garden Services	17 841	-	-	17 841
Sisekelo Lesicnile Trading CC	-	-	11 248	11 248
Sitanamanzi Constructors CC	14 683	51 592	286 786	353 061
Sitimele Air CC	-	-	52 891	52 891
Sive Aircon & Electrical Solutions	51 984	-	-	51 984
Siza Umphakathi Trading Enterprises	24 000	-	4 950	28 950
Sizwe Sibiya	-	-	832	832
Slam Paper Distributors CC	-	-	4 120	4 120
Sneakers Edition (Pty) LTD	-	-	55 200	55 200
SNH Business Seminars	-	-	17 497	17 497
Sinqobebe Trading CC	-	-	13 400	13 400
Soletha Trading CC	4 300	-	-	4 300
Sound system/function design	-	-	29 950	29 950
Sparks & Ellis Uniforms	-	-	14 216	14 216
Speedy Tyres & Exhaust	9 549	-	570	10 119
Sphetsile enterprise CC	10 500	-	-	10 500
Spray Air services	-	-	28 410	28 410
Sprintelligent (Pty) LTD	-	-	23 590	23 590
Squirrel fast food	-	-	1 420	1 420
Stanford computer & business college	-	-	9 760	9 760
Starugan Trading	-	-	1 600	1 600
Steel Ropes CC	-	-	11 944	11 944
Steinmed waste management	-	-	10 026	10 026
Sudklor and sudfloc	-	-	9 915	9 915
Suid Chemie	-	-	9 915	9 915
Super Brake Services	-	-	1 103	1 103
Supa Sika Trading CC	930	-	3 520	4 450
Sure Engineering	-	-	26 178	26 178
Swanepoel & Partners Incorporated	-	-	93 989	93 989
Swaziland Investment Promotion Authority	-	-	5 364	5 364
Swift Plumbing & Electrical	-	-	18 872	18 872
Syntel (Pty) LTD	185 286	24 427	369 022	578 735
T.A Simelane	-	-	600	600
Tankman septic services CC	36 501	42 494	204 342	283 336
Teboho lehlohonolo Trading Enterprise CC	-	14 678	-	14 678
Tebza Lilly general trading CC	-	-	1 200	1 200
Technology integrated Solution TIS	-	30 078	117 396	147 474
Tekwane North Youth Development	-	-	18 000	18 000
Texida Agencies	-	-	57 040	57 040
Thaba General Trading CC	-	-	13 500	13 500
Thabethe Musa	-	-	1 856	1 856
The Courier and freight group	-	-	3 801	3 801
The Fever Tree Nursery	-	-	47 680	47 680
The Gaffrey Group	-	-	183 448	183 448
The nutting house lodge & conference facilities	-	-	6 800	6 800
The survyror general	-	47 400	-	47 400
Tidy Files	-	-	33 399	33 399
Tingwabela General Trading CC	-	-	1 500	1 500
Tinyikonjabulo Trading CC	-	-	850	850
Tiragalo Business Consulting	-	44 457	-	44 457
Tirepoint Nelspruit	15 196	-	34 439	49 635
Town Lodge	-	-	2 115	2 115
TP Training Solution	-	-	4 999	4 999
Traffic Signal and accessories cc	76 451	-	48 051	124 502
Transfarm Pharmaceuticals	-	2 030	6 697	8 727
Travel experience T/A Dana Agency	-	1 731 606	2 657 888	4 389 494
Trucks Parts (Pty) LTD	-	-	5 130	5 130
Trumvello Manufactures (Pty)LTD	17 298	36 642	63 592	117 531
Tshepiso Trading CC	3 368	-	-	3 368
Tshwawe S E	-	-	1 200	1 200
Tsimane Power Maintenance	25 010	-	-	25 010
Tswelopele funeral services	-	-	29 925	29 925
Tunner morris (Pty) LTD	-	36 681	7 767	44 448
Turf Scape (Pty) LTD	13 634	-	-	13 634
Turner Morris (Pty) LTD	-	-	23 863	23 863
Twain2 (Pty) LTD	-	-	3 335	3 335
Ukwazi Engineering CC	-	-	28 990	28 990
Umbabano Property cc	-	-	1 283	1 283

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SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Umber Cascader Trading	-	-	28 450	28 450
Umlozi Trading Enterprise CC	-	-	29 900	29 900
Umoja Management Solution CC	-	22 485	-	22 485
UMS (Pty) LTD	-	-	12 383	12 383
Umsebe Development Planners	-	-	57 000	57 000
Umzansi Media News	-	-	43 500	43 500
Unison (Pty) LTD	-	34 054	29 872	63 926
University of Cape Town	-	-	22 000	22 000
University of Pretoria	-	-	127 750	127 750
Uxhumano Communications	-	-	23 982	23 982
Value Truck Rental	-	-	21 950	21 950
Van Wettens Breakdown Service (Pty) Ltd	5 016	-	17 297	22 313
Variprint (Pty) LTD	-	-	9 972	9 972
Vision 2000 (Pty) LTD	-	-	3 228	3 228
VPK business venture CC	-	-	210 000	210 000
Vunella Aircons CC	-	-	34 297	34 297
Vunnela Trading Enterprise CC	-	-	9 781	9 781
Waltons Stationery	-	-	35 182	35 182
Waterstop Konstrussie	-	-	10 916	10 916
Westvaal delta /white river	-	-	4 737	4 737
Westvaal Nelspruit	37 362	-	-	37 362
White River Printers	29 987	-	14 452	44 440
Women in Power General Trading Enterprise	4 988	-	-	4 988
Worx of Africa	-	-	10 317	10 317
Xerx-Lowveld office Automachine	-	-	1 696	1 696
XPS Speed Services Couriers	-	-	8 872	8 872
Youth Genesis Business Services	-	-	1 350	1 350
Zama Irvin General Trading CC	-	-	9 200	9 200
Zamangwane Consulting t/a ZMG -Watech	36 542	-	69 175	105 717
Zeerow Seven Trading CC	-	-	2 400	2 400
Zendubind Trading (Pty) LTD	-	-	10 580	10 580
Zenhlanzile Trading Catering & Décor	-	-	5 158	5 158
Ziyaphenda Trading CC	-	-	3 600	3 600
Zumile Trading 321 CC	-	-	4 900	4 900
TOTAL	1 634 319	3 991 004	21 789 328	27 414 650